eastern ECONOMIST

JULY 14, 1978

WILL PATCHING UP DO ?

eastern ECONOMIST

VOL. 71 NO. 2 JULY 14, 1978

Price Rs 2.50

Papering the cracks

THE PUBLIC may heave a sigh, but not necessarily of relief. Should the National Executive of the Janata party "request" Mr Charan Singh to withdraw his "resignation", or should it merely "desire" that he should withdraw his "letter" of resignation? It is in terms of such verbal jugglery or wordy quibbling that the grave national issue of good, clean and firm government has been sought to be dealt with by the ruling party. Prestige has proved to be all and patriotism or public spirit has nowhere been in sight. Two very old men—both of them proud and prejudiced—quarrelled in public and there was no one around to call them to order. Only a Fool in the Shakespearean sense came anywhere near rising to the occasion; Mr Piloo Mody showed up as the wisest of them all.

An idea of the quality of the discussions at the meeting of the Janata National Executive may be gathered from the fact that Mr Ram Dhan claimed that the Muslims and the Harijans were celebrating Mr Charan Singh's exit from the government, the latter by lighting "ghee lamps". The economic condition of Harijans seems to have improved spectacularly overnight. Mr Ram Dhan forgets that there were people who distributed sweets when Gandhiji was assassinated and the *halvais*, probably, will again do good business should Mr Morarji Desai resign his prime ministership. In fact, at the height of the current Janata crisis, there were not a few people in Delhi who were preparing to hang out the flags for Mr Vajpayee. Such is the level of political education of "Our Masters" thanks to the politics of personalities practised by the politicians who are supposed to be their servants.

"Resolution hailed by Charan Singh", says a headline in *The Statesman*. The former Home minister, evidently, takes the resolution to mean that he lives to fight another day. Mr Raj Narain will tell us that our epics are replete with such instances of defiance of finality. Mr Morarji Desai, of course, is keeping his own counsel. But it could be assumed that even he is not finding it easy to come to terms with the turn the discussion had taken at the meeting of the National Executive; Mr Vajpayee succeeded, perhaps unwittingly, in showing up a kind of self-righteousness which is not always able to pass for uprightness. Nobody who has been at the head of the affairs of the government or the ruling party during the fumbling and faltering transition from the days of the emergency and all these 15 months of unsettled politics and administration can truthfully claim, as Mr Desai has done, that he has not committed a single mistake. In any case, if this is his belief, there is no point, surely, in the offer he has made that "if I am responsible for anything, I am prepared to disappear".

Janata affairs, whether in the government or the party, will, in any event, never be the same again. Mr Desai will certainly have to change his style of functioning. The prime minister has prerogatives only so long as they do not become a matter of dispute among cabinet ministers, or even party leaders. These prerogatives have to be exercised, not for asserting the rights of the office, but its responsibilities. On the present occasion, it may be, on balance, a valid contention that Mr Desai has exercised the prerogatives of a prime minister for their proper purpose. Nevertheless, the fact remains that he has not been able to convince all of his senior colleagues of this. Mr Vajpayee, for instance, has not been able to get over his doubts or uneasiness and the resolution finally adopted by the National Executive stresses unity in the government as well as discipline in the party.

To forge that unity should be the first task of the prime minister in the weeks ahead. Mr Desai should be clear enough in his own mind not to fight shy of phrases such as "collective leadership". The public interest in a homogeneous cabinet must prevail. This is what matters now. Collective responsibility is essential to the functioning of the council of ministers. But even more important is the collective participation of the members of the cabinet in major decision-making processes of government. This would help to pool ideas, talent and experience and could possibly be the surest guarantee against irresponsibility or cynical expediency in the dealings of the government with the people.

A big hand for handlooms

EVEN THOUGH the integrated textile policy has yet to be finalised, the government, recognising the employment potential of the handloom sector, has already initiated a number of steps for its further growth. The efforts made since the coming into power of the Janata government at the centre have even yielded some wholesome results. Not only has the production of janata cloth for the domestic market gone up significantly but also that of the varieties meant for the growing export market. A near-breakthrough is claimed to have been achieved in the production of Janata dhotis, sarees and lungis, though the goal of raising this output to 100 million metres could be achieved only to the extent of about 75 per cent. No quantitative estimates are available of the new employment opportunities generated in this sector. The increase in output, however, should suggest that a substantial dent has been made on the under-employment of weavers, apart from the opening up of new employment opportunities. Exports this year are expected to be raised to Rs 270 crores from Rs 240 crores last year.

new strategy

The new strategy seeks to attack the problems of the handloom sector in their various facets – right from the supply of yarn to the marketing of products. A good deal of tightening of the organisational set-up has been done already and increasing attention is being paid to the strengthening of the marketing network so that the ambitious programme of raising the annual output of Janata cloth to 500 million metres by the end of 1982-83 can be effectively implemented. Production is stated to be of an annual order of 82 million metres at present. This is to be stepped up to 200 million metres during the current financial year itself.

With a view to ensuring adequate supplies of yarn on a continuing basis—at the current level of production of handlooms, yarn supplies are said to be quite comfortable even variety-wise—it is planned to add nearly one million more spindles in the next five years, almost entirely in the cooperative sector. The problem of fluctuations in yarn prices, which, of course, is causing fairly serious concern even at present, is proposed to be solved by progressive linkage of weavers' societies to the spinning mills and opening of yarn depots near the clusters of weavers. Attempts are being made to ensure as large supplies as possible directly from the spinning mills to the weavers so that the intermediaries can be eliminated.

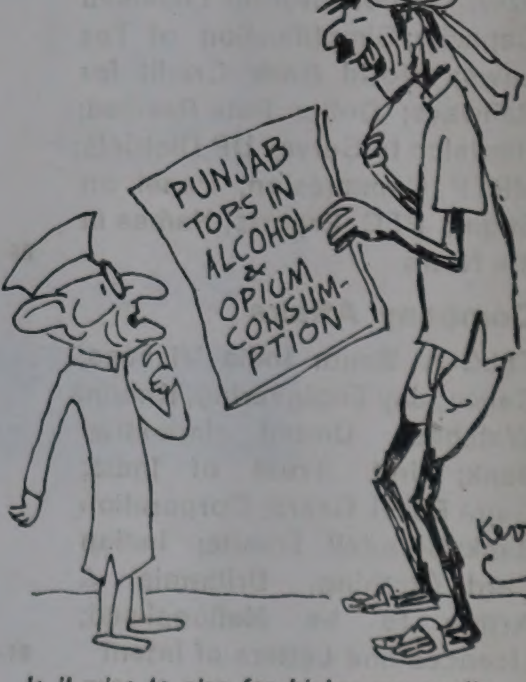
credit needs

An all-out effort is being planned for meeting fully the credit requirements of weavers. Many useful suggestions have been made in this regard by the study group which was constituted a few months ago to review the working of the scheme for handloom finance (see the Records and Statistics section of this issue). Although the report of this group, submitted to the government a few days ago, is yet to be fully considered, it has already been decided to raise the credit limit per loom in the art silk and silk sectors from Rs 2,000 to Rs 5,000. The report has suggested a liberal approach by banks towards provision of loans to meet the working capital requirements of weavers in a fuller way than hitherto. Refinance facilities are proposed to be augmented and the margin money requirements are to be made uniform at 10 per cent. Greater attention than hitherto, it has been recommended, should be paid to catering for the credit requirements of unorganised weavers as well. They should be encouraged to join the cooperative fold. A committee is to be asked to study the financing of unorganised weavers.

The dormant cooperative societies are being reactivised; last year as many as 1,065 such societies were revived. Approximately 800,000 weavers are targetted to be brought into the cooperative fold this year as against 400,000 last year and 100,000 in 1976-77. This step is aimed at increasing cooperative coverage of weavers to 60 per cent by 1981-82. The total credit requirements of the handloom sector for working capital during the current Plan period have been assessed at Rs 600 crores, out of which the cooperative sector would account for Rs 240 crores.

Much more significant, however, are the efforts being made in the field of product development which has cost reduction as an important element. In line with the growing preference for blended fabrics, the production of handlooms is being sought to be diversified. The response of weavers to this endeavour is stated to be encouraging, although some difficulties have yet to be sorted out from the processing angle. As many as 25 intensive development projects and 21 export promotion projects are under implementation all over the country. Some more have been sanctioned recently. Normally, the former will cover about 10,000 looms in five years and the latter approximately 1,000 looms.

Under each of the above projects, it is intended that pre-loom and post-loom processing facilities should be created. The processing units being set up current-



Is it wise to plan for higher per capita consumption ?

ly will be catering for the processing requirements of both the cotton and man-made fibres. Some such units have already been set up in Maharashtra, Uttar Pradesh, Tamil Nadu and Madhya Pradesh. They include dyeing facilities also.

With the addition of two new weavers' service centres at Gauhati and Nagpur, the number of such centres has been raised to 19. They impart training to weavers through short-term courses. They are also experimenting with the production and development of blended and man-made fabrics. The two institutes of handloom technology at Salem and Varanasi, besides imparting short-term training, have three-year diploma courses for weavers. The number of seats at the two institutes has been raised significantly recently.

extensive programme

So far as the marketing of handloom products is concerned, an extensive programme has been drawn up to popularise them both in the domestic market and abroad. It is proposed to go in for aggressive marketing and a committee has been set up to suggest ways and means of strengthening the marketing network. Encouraged by the response at the first National Handloom Expo' 77 and the displays arranged at the Agri-Expo' 77 held in new Delhi last year as well as the National Handloom Expo' 78 organised in Madras from December to February last, an ambitious programme has been drawn up for holding such exhibitions and fairs in different parts of the country during the coming years. Participation is being organised in the Indian exhibition in Moscow this year. Such exhibitions are being thought of in several other foreign countries as well which hold good prospects of exports of handloom products from here.

A massive publicity programme has been launched through various publicity media such as TV, AIR, documentary films, technical publications, hoardings, a monthly newsletter, etc. It is envisaged to set up a permanent garment handloom bazaar and a permanent mini corridor exhibition in Delhi, besides organising handloom fortnights every year during which seminars and festivals may be held at all-India and state levels. At the exhibitions in India and abroad, fashion shows and pageants are proposed to be organised. Result-oriented training programmes are to be arranged for the marketing presonnel. Handloom houses, which are an important marketing outlet for the handloom sector, are being reorganised and strengthened. National awards are to be instituted for excellence in weaving.

The subsidy involved in the production and marketing of handloom products, it is claimed, works out to one rupee per metre, as against the average loss of Rs 1.60 per metre incurred by the mill sector on its output of controlled varieties of cloth. The latter is made up through allowing higher prices according to the demand and supply position in the case of uncontrolled varieties and some subsidy in marketing. Handlooms, it is argued, should, therefore be given pride of place in the integrated textile policy which has been in gestation for quite some time now.

Approach to controls

CHAMBERS OF commerce and other business organisations have in the last few weeks submitted their memoranda to the Dagli committee on controls and their representatives have also tendered oral evidence before it. It is, of course, not to be expected that the business community will speak with one voice on the working of various kinds of controls and the need to remove or relax them. It is well known that major differences have always existed among different sections of businessmen on this subject though, for obvious reasons, they may not like to express them publicly. But at least on broad issues of policy, it will be desirable for businessmen and their organisations to adopt a common approach so that it will facilitate the task of the committee in finalising its recommendations. It seems doubtful however if such an approach is going to be made. The memoranda submitted by some organisations reveal that they have asked for fundamental changes in the working of controls on which there may not be a consensus even among businessmen.

For example, a suggestion has been made by a chamber of commerce that the choice of location of an industry should be left entirely to the entrepreneurs' discretion and that the objective of dispersal should be achieved through fiscal incentives. Is this proposal feasible and desirable? Is this approach consistent with the concept of a planned economy? Will it help to ensure the balanced development of the country if the location of industries is to be guided only by incentives? It will be recalled that in recent years the government of India has been trying to disperse industries in the backward areas by offering a variety of incentives to entrepreneurs. But these efforts do not seem to have met with much success.

Many state governments have also been operating schemes of incentives like refund of sales tax and octroi, subsidy on power, land at concessional rates, and so on. These have produced some encouraging results in a few states like Maharashtra but not in others like West Bengal where, out of 16 districts, as many as 13 have been declared backward. The state governments which are financially better off can offer more generous incentives than other states and thus attract more industries. Therefore, will it be in the best interests of the country if the choice of industries is left to be regulated wholly by incentives? Can the growth of industries, without creating problems of pollution and congestion, be ensured by relying on incentives to determine their location?

Another suggestion that has been made to the committee is that, as far as possible, the government should regulate economic activity through guidelines rather than controls. It is felt that this approach will give industry more freedom to display its initiative and enterprise. But how far will this proposal work smoothly? Most of the guidelines that

have been issued from time to time by the various government departments have been vague, leaving a great deal of discretion in the hands of the bureaucracy. Therefore, will it really help industry to expand faster if controls are replaced by guidelines? So long as economic policies lack clarity and consistency and the different ministries are unable to ensure proper coordination among their activities, businessmen will continue to face delays and difficulties whether we call the regulation as controls or guidelines, or by some other name.

a misconception

There seems to be a misconception among businessmen that in countries like the USA, there are far fewer controls than in India. But the fact is that in the USA also, as in many other developed countries, the government does resort to controls in various forms to regulate the economy. As the book *The Governmental Habit* by Prof Jonathan R.T. Hughes points out, "contrary to what generations of school children have been taught, Americans have used government to control and interfere with economic life ever since the first pilgrims landed on Plymouth Rock. These unplanned patchwork controls, which today reach into every facet of our lives, may not be as efficient as either economic planning or free market capitalism would be but they exist and are an integral part of our legal system and social structure. We seem to prefer our own peculiar system of 'regulated malfunctioning', the product of a long history stretching back to colonial times". The author points out that though several attempts have been made to reform the controls and reduce their number, they have not met with success.

There is no doubt that in India the operation of controls especially on prices, production and distribution has harmed the economy by stifling the expansion of industries, by discouraging fresh investment and by perpetuating shortages. It is essential that organisations of industry and trade should analyse with facts and figures, the impact of controls on various aspects of the economy so that the government and the public will have a clear idea about the modifications that are necessary in official policies and procedures. But will the government be able to take prompt action in dismantling controls even when it is conclusively proved that they have definitely harmed the economy? Is not Dr Ashok Mitra, Finance minister of West Bengal, likely to insist that all chief ministers should be consulted before New Delhi initiates a programme of decontrol?

Mr Pravinchandra V. Gandhi, president of the Federation of Indian Chambers of Commerce and Industry, recently suggested that the government should enact legislation making it compulsory for industrial units to become members of recognised chambers so that the latter can take effective measures to ensure that they observe a code of fair conduct. But will this not lead to more control by the government over industry? It seems strange that when the government has expressed a desire to remove unnecessary controls, the FICCI chief himself should make a suggestion which may result in more regimentation. It is doubtful if opioion in the business community will endorse the Gandhian (P.V.) approach to regulate the conduct of industry and trade.

Credit policy needs review

THE TIME has probably arrived for a review of the credit policy of the Reserve Bank or at least the basis for providing discretionary accommodation to the scheduled commercial banks when seeking refinance against food credit or advances to borrowers in the priority sector. The earlier impression that banks were bothered with a surplus of funds even during the peak of the 1977-78 busy season and that it would be difficult to expand credit fully within the guidelines provided by the Reserve Bank has turned out to be different with a big increase in stocks of sugar and heavy purchases of wheat by Food Corporation and other agencies out of the record rabi crop. The massive borrowing by the central government and regular net open market sales by the Reserve Bank of recently issued loans have also had a soaking effect on the gilt-edged market. Strangely enough, there is acute stringency in the money market even with the adequacy of funds with the banking system.

The credit policy for the year 1978-79, announced by the Reserve Bank a few weeks ago, has become unduly restrictive and banks have been complaining that it is difficult to secure discretionary accommodation in time on account of the insistence of the monetary authorities on the provision of elaborate data. Apart from the difficulty in preparing the required data expeditiously, the delay in getting assistance has compelled borrowing in the money market and also led to default in the observance of the statutory liquidity ratio.

It may, however, be argued that the difficult phase relating to procurement operations and the accumulation of sugar stocks is being left behind and banks can hope to feel more comfortable with fresh additions to deposits in August/October and even a net decline in sugar stocks by 700,000 tonnes by the end of September from the peak level of 47.10 lakh tonnes at the end of May, 1978. As a result of an unusually high level of production stocks have risen in 12 months by over 19 lakh tonnes requiring an increase in bank credit of over Rs 300 crores. The purchases of wheat by the Food Corporation and state agencies have also been on a larger scale than expected in spite of the scope for free movement within the country because of the availability of adequate stocks even in deficit areas. The expansion of food credit has been as much as Rs 512.15 crores between April 14 and June 23, 1978 and the Rs 2500 crore-mark was crossed on June 23, with the outstanding amount at Rs 2503.42 crores. This is the highest level touched in recent months and it may not be surprising if the Rs 2600 crore-mark is surpassed by the middle of July with the need for continuing procurement operations for avoiding distress sales by farmers.

While there is bound to be a tapering off of procurement purchases after the end of

July, the offtake through fair price shops may not be large as open market prices for both wheat and rice are at reasonable levels and consumers are preferring to effect purchases from the open market because of the better quality of grain and even cheapness in some directions. There is also a possibility of anticipatory dehoarding of stocks by farmers if the prospects for the kharif season turn out to be satisfactory, notwithstanding the threat of locust menace, in some regions.

The record crop of 50/52 million tonnes of rice in the last agricultural season has not been fully absorbed despite the procurement purchases, and there may be selling by farmers before the new crop arrives in November, if it is again expected that the output will be at the previous year's level. These possibilities have been cited only to indicate that the earlier expectations of the distinct easing of 'pressure' on the banking system may not materialise if credit has also to be provided against continuing imports of edible oils and other materials in short supply. While commodities in scarcity may move readily into consumption, the concentrated nature of import arrivals is calling for accommodation from banks and it will be certainly difficult if the lending institutions have to make do only with 43-45 per cent of incremental deposits in the nine months, July-March.

building surpluses

It would have normally been expected that banks would accumulate surplus funds in the latter half of the slack season in order to be in a position to meet the needs of all classes of borrowers in the subsequent busy season. It may not be easy to build up surpluses as deposits in July-October may not be more than Rs 1350 crores on an optimistic reckoning. It can be expected that only about Rs 600 crores of these incremental deposits will be available to banks for lending purposes or reducing borrowing from the central banking institution. With the likelihood of a continuing rise in aggregate credit, member banks may not find it easy to reduce borrowings especially as at particular stages, the growth rate in deposits may be slower due to intensified borrowing by the state electricity boards and state governments.

The central government too may be issuing loans in November as the $5\frac{1}{4}$ per cent 1978 loan outstanding for Rs 47.32 crores falls due for repayment on November 22. The central exchequer will naturally be anxious to exceed the target for net borrowing of Rs 1649.82 crores. In the first three phases, of borrowings a net amount of Rs 1058 crores has already been mobilised and less than Rs 600 crores (net) will have to be secured for reaching the target. In the normal course, fresh deposits of about Rs 2500 crores in nine months ending March 1979 would require investment of around Rs 800 crores in gilt-edged securities for fulfilling statutory obligations. As the Life Insurance Corporation and provident funds will also be in a position to invest about Rs 400 crores in the same period, the requirements of central and state governments and public bodies can be comfortably met. But the question arises what will be the situation in the money market early next year if banks could expand credit for only Rs 1250 crores including the financing of procurement operation and further rise in sugar stocks during the peak of the next crushing season.

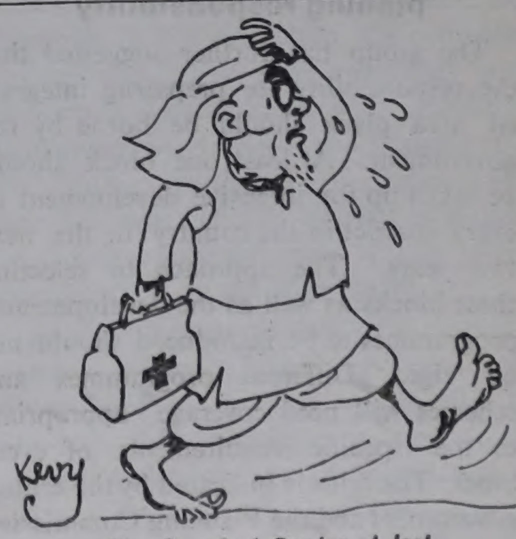
borrowing from RBI

If aggregate advances happen to increase by Rs 1500 crores in the next busy season alone on heavy procurement purchases of rice and a brisker demand for funds from industry and trade, borrowing from the Reserve Bank will have to be exceptionally high in February-March next year. If there had been no impounding of incremental deposits on a differential basis, there would be no need at all to borrow freshly from the central banking institutions against refinance facilities.

It has been legitimately complained that the profitability of working of banks has been seriously affected by the maintenance of a higher cash reserve ratio and the impounding of a portion of incremental deposits. In effect the statutory requirements have resulted in the employment of about 57 per cent of incremental deposits at an average rate of roughly $6\frac{1}{2}$ per cent when it is contended that the cost of servicing deposit is more than seven per cent.

It has been claimed by the monetary authorities that the recent increase in interest rate on 'excess' cash balances maintained by the banks with the Reserve Bank and in respect of impounded deposits has been effected with a view to protecting the profitability of banks. The increase in the yield on the new long-dated loan also has been deliberately allowed though it is overlooked that the benefit of a higher yield will be available only on a portion of fresh investments and the average yield can be improved only with the cashing of losses on securities and adjusting them against current earnings to a significant extent wherever possible and reinvesting sale proceeds more remuneratively. The reshuffling of investment portfolios cannot however be attempted in the absence of a higher level of profitability in the current year. It has even been reported that some major banks have suffered losses in the first six months of this year and the working for the whole year will be disappointing in the absence of relaxation of curbs relating to the use of funds.

There will have to be a reduction in the cash reserve ratio before long besides a reduction in the proportion of impounding of incremental resident deposits. There may also have to be more liberal refinance against food credit at lower cost. The banking system cannot be expected to absorb fully the losses in branch banking without a fuller use of funds. Also, it will be unjustifiable to soak borrowers unduly when nearly 20 per cent of deposits are immobilised as a result of new RBI directives and permitted to earn only $6\frac{1}{2}$ per cent. It is therefore imperative to examine carefully various aspects and effect changes in the credit policy in such a way that the banking system is not injured grievously.



The Bare-foot Doctor at last.

CAPITAL'S CORRIDORS

R. C. Ummat

District planning process • Steel supplies and production programmes

THE AMBITIOUS programme of introducing block level planning may have to be slowed down in the initial stages if the suggestion of the Dantwala working group, set up by the Planning Commission a few months ago to go into this aspect of the planning process, finds favour with the government. In its report, submitted recently, the group has cautioned that planning machinery in several states, particularly at the district level, is very weak, if not non-existent. A hasty implementation of the programme, therefore, may prove self-defeating.

It has been recommended by the group that a planning team, comprising a chief planner, an economist/statistician, a cartographer, an agronomist, an engineer, an industry officer and a credit planning officer, should be placed in every district to strengthen the planning capabilities at that level. Other specialists may be engaged according to the needs of the particular areas or the programmes to be adopted. The chief planning officer ought to be a person with a fairly high status in the district hierarchy.

pinning responsibility

The group has further suggested that the responsibility for prepairng integrated area plans should be borne by the government. At least one block should be taken up for intensive development in every district in the country in the next two years. The approach to selecting these blocks as well as the developmental programmes to be introduced should not be rigid. Different programmes and schemes will need coverage appropriate to the specific requirements of every block. The criteria indicated by the central government and the Planning Commission for selecting additional blocks for intensive development have been endorsed by the group.

The planning teams at the district headquarters, the group has recommended, should ensure integration of the block plans with the district plans. It has been suggested that the components of all special programmes operating in the selected blocks should be merged in the block level plans and funds allocated for these programmes ought to be placed at the disposal of the block level planning authorities.

some facts

The group has noted that in 2,945 blocks, out of a total of 5000, one or more of the special programmes (SFDA, DPAP, CAD) is/are already in operation. In about 1,500 blocks, no such programme has been started as yet. Keeping these facts in view, it has been recommended that beginning with 100 blocks in the current year, the number of additional blocks to be taken up for block level planning may be progressively increased every year so as to add 500 blocks in the terminal year of the current plan period.

The block level planning has as its main objective the elimination of poverty and unemployment within ten years. It has been suggested that priority will have to be accorded to such districts and blocks in which the intensity of poverty and unemployment is more. The exercise undertaken by the Planning Commission for ranking groups and regions in terms of the intensity of the backwardness, it has been recommended, should be carried further and a priority list of districts should be prepared. The selection of blocks for intensive development in the priority districts, the group feels, should be left to the state governments.

The group has made several suggestions for the roles to be assigned in area planning and implementation to panchayati raj institutions, voluntary agencies and professional institutes as well as in respect of the schemes to be introduced for generation of employment and augmenting of institutional credit.

two problems

While it has fully endorsed the philosophy of decentralisation in decision-making, the group has pertinently referred to two problems which will have to be tackled effectively. First, in a large number of states, Panchayati Raj institutions are either non-existent or in a moribund state. Second, there is a widespread feeling that these institutions by and large do not reflect the interests and the needs of the weaker sections of society. The decision on the role of panchayati raj institutions, therefore, it has been suggested, should be taken after a proper appraisal of their representative character.

Whereas the group feels that the responsibility for preparing integrated area plans should be borne by the government, it has recommended that owing to the vastness of the social and economic problems, the government's administrative machinery alone will not be able to tackle the task. The planning teams at the district level should consult and actively seek the assistance of the voluntary agencies in their areas while preparing the area plans and also selectively entrust to them the implementation of some sectoral programmes in which they may have the requisite expertise and experience. The professional institutions, it has been suggested, can be actively associated with planning exercises in a similar manner.

The necessity and importance of public participation at all stages of planning has been emphasised by the group. At the same time, attention has been drawn by it to certain limitations in this regard. Since the rural community is not homogenous, it has been recommended that special endeavours will have to be made to ensure the participation of weaker sections in the planning process. The

public will have to be familiarised with financial and technical constraints so that it may recognise the need for exercising restraint in presenting to the planners catalogues of demands. This should help in arriving at mutual adjustments on the part of the different interests in respect of the developmental programme to be taken up.

broad indications

To integrate the block and district plans into overall state plans, the state planning teams, it has been stressed, will have to give broad indications to the block level teams about the total state plans and their priorities and financial parameters within which to plan and the continuing schemes to which a part of the plan expenditure is committed. The group has suggested that the compilation of a resource inventory may be deferred till the planning teams know exactly what they want for the purpose of inventory and why. It has emphasised that the resource inventory should be mostly in the nature of a series of a "status papers" containing an analysis of past performance, identification of constraints and developmental potential. Of particular importance would be a status paper on the weaker sections, their needs and disabilities.

The group has attached great importance to the reorganisation of the agrarian structure and institutional set-up especially for serving the needs of the rural poor and protecting their interests. It is convinced that in the absence of adequate structural and institutional support, the proposed step-up in the allocations of financial resources for elimination of destitution and augmenting employment opportunities will not achieve the desired results. The absence of basic records of rights in land in many districts, it points out, has proved a major obstacle in the implementation of land reforms, extension of irrigation facilities, supply of inputs and deployment of credit. It has, therefore, been recommended that in those blocks where such records of rights do not exist or are in arrears, their preparation should receive a high priority in the block level plans.

The group feels that it is equally necessary to reorient the existing institutions for the provision of credit, marketing and supply of inputs to make them more responsive to the needs of the rural poor. The establishment of certain new types of institutions specifically for the poor is also imperative. One such institution is graingolas. If properly organised, the graingolas, the group opines, can become an effective channel for public distribution of essential commodities at the village level.

The group has recommended that data on employment/unemployment should be built up through a proper record of employment generated as a result of the employment augmenting programmes recommended and launched. The current information is not sufficiently reliable to serve as a basis for detailed planning. A two-pronged strategy has been suggested by the group for generation of new employment opportunities. Since under-employment constitutes a large component of the total 'unemployed mandays', it has been recommended that the development projects and planned investment should be directed towards augmenting the duration of employment of the under-employed in their existing occupations. Measures suggested are intensification and diversification of agriculture and rehabilitation of rural industries. It is pointed out that there is a hard core of the wholly unemployed persons who possess neither assets nor skills to get assimilated in the mainstream of economic activities. For them a massive programme of public works would be required.

institutional credit

The group has argued that institutional credit should be tapped to augment the scope and coverage of development programmes. A major obstacle to be contended with is the lack of proper liaison between the developmental agencies and the institutional credit system. The inclusion of a credit planning officer in the district planning team has been stressed to fill this lacuna. The group notes that during the last decade, there has been a marked expansion, diversification and innovation in the provision of credit to rural areas, but thinks that a feeling still persists that credit institutions are hesitant and conservative in providing the necessary support to the rural economy.

In this connection, the group has taken note of the committees/working groups recently appointed by the Reserve Bank of India and has expressed the hope that their recommendations would help to remove many of the deficiencies in the flow of credit to rural borrowers. The need for positive action by state governments for the removal of the obstacles in the flow of credit to rural borrowers has been emphasised by the group. The state government, it has been suggested, should also display willingness to take stern action to curb the growing tendency of wilful default in repayment.

A special training programme has been recommended for the officers and the core staff of the district planning teams.

• •

Following the representations made by the exporting units in the engineering industry that the last month's increase in steel prices had adversely affected them in respect of the export contracts subsisting on the date of the price hike as well as the contracts in the pipeline (tenders submitted before the crucial date of acceptance but contracts not having been awarded as yet), the government has decided that protection should be extended to the above contracts/tenders in the following manner :

(a) Protection would be afforded beyond the first 10 per cent of steel price increase provided the contracts/tenders do not have an adequate escalation clause to cover the price increase. For purposes of this protection, the contracts/tenders should have been registered with the appropriate authorities like the Chief Controller of Imports and Exports and the Steel Authority of India. The question whether full protection should be given for such contracts is also under consideration by the government.

(b) Apart from exports of engineering goods, exports of steel bars and rods by the re-rolling industry would also be eligible for similar protection in the matter of supply of billets/re-rollables.

(c) All IBRD/IDA financed contracts

for engineering goods executed in India, which are deemed to be exports, would also qualify for protection under the scheme.

(d) Steel delivered on or after June 4-5, 1978, for execution of all such contracts would be billed at the pre-increase prices plus 10 per cent.

The price differential would be reimbursed to the integrated steel plants by the joint plant committee from out of the funds under the Engineering Goods Export Assistance Fund operated by it for the present.

augmenting availability

Announcing the above decision, the secretary, ministry of Steel and Mines, Mr Mantosh Sondhi, told newsmen last week that the government had planned to increase the overall availability of steel this year to as much as 10.75 million tonnes in terms of ingots from 8.84 million tonnes last year. The production from the integrated steelworks, which aggregated to 8.42 million tonnes last year, is targetted to be raised this year to 9.97 million tonnes. The mini steel plants are expected to contribute 1.5 million tonnes, as against 1.17 million tonnes last year. The imports, including those going in for building up a buffer stock of about 600,000 tonnes of saleable steel, are envisaged to be raised to 0.59 million tonnes from 0.35 million tonnes. If there is any shortfall in domestic output, imports might be stepped up even to 0.75 million tonnes. Exports are being slowed down from 1.1 million tonnes last year to 0.83 million tonnes this year.

Mr Sondhi revealed that although production during the first quarter of the current financial year had suffered a setback due to several factors, including capital repairs at some plants, deterioration in industrial relations, power shortage and tight coal supplies—it fell to 1.506 million tonnes from 1.68 million tonnes of saleable steel during the corresponding period last year and was of the order of 83/84 per cent of the target for this quarter—it had started picking up in the month of June. It had gone up in that month by 27/28,000 tonnes in comparison with the output in May. The power supply position had improved somewhat and the trouble at the steel melting shop at Bokaro had been overcome. The capital repairs at Rourkela and Bhilai had also been completed.

Coal supplies to steel plants, Mr Sondhi, however, pointed out, still left much to be desired. The steel plants had 300,000 tonnes of coal stocks, as against the desired level of 500,000 tonnes before the onset of monsoons. The current stock was equivalent to about seven days' consumption. The stocks at Durgapur and Rourkela were particularly low around four days' requirements. Mr Sondhi, refrained from commenting upon whether the difficulties in respect of coal supplies had arisen because of the difficulties of the producers or of the railways. The fact, he said, was that the coal stocks with the steel plants needed to be augmented.

Another important fact in regard to coal supplies that was causing anxiety to the steel plants, Mr Sondhi said, was that the proportion of prime coke in the blends had gone down from 51 per cent to about 38 per cent. This was one of the main reasons for the government thinking in terms of importing coking coal. Supply arrangements from abroad of the order of about one million tonnes of coking coal, he added, were likely to be finalised in the near future.

import of scrap

Mr Sondhi further stated that the mini steel plants were suffering from power shortage and tight supplies of scrap. A delegation of the Steel Furnace Association, he disclosed, would soon be visiting the United States and some other countries to arrange for scrap imports. Some old ships might also be bought for scrapping. Facilities in this connection were proposed to be put up.

Referring to last month's hike in steel prices, Mr Sondhi pointed out that the revised prices favoured the small industrial units. The small-scale industries corporations had been asked to make available steel procured by them from stockyards at a discount of Rs 150 per tonne to small-scale units at prices Rs 40 per tonne lower than the stockyard rates. A committee had been set up to look into the contention of the small-scale industries corporations that the above arrangement did not suit their operational costs. The Rs 150 per tonne discount allowed to these corporations from the stockyard prices would be adjusted suitably with retrospective effect after the receipt of this committee's report.

In view of the likely shortage developing in the billets market by the end of the current five-year Plan, the government, Mr Sondhi stated, was thinking in terms of taking up the new blast furnace complex to be established by 1982-83 to the billet-making stage. This might involve an additional expenditure of Rs 150/200 crores. It would increase the profitability of the new complex, which ultimately is to be extended into a full-fledged integrated steelworks.

power generation

It was further disclosed by Mr Sondhi that the captive power generation capacity at the Bokaro and Durgapur steel plants was proposed to be expanded by 180 MWs and 120 MWs, respectively. The proposals for global tenders, in this connection, in terms of the recent revision of the industrial policy, were expected to be processed and finalised shortly. The additional capacities should materialise in about three years.

With a view to augmenting cement supplies, it had been decided to set up two cement plants at Rourkela and Bhilai.

Referring to the special surcharge on the non-priority categories of steel, which has been imposed with a view to providing about Rs 50 crores per annum for the modernisation, rehabilitation and the R & D efforts of the steel industry, Mr Sondhi observed that a small committee of secretaries for Steel and Mines, Planning and Expenditure (ministry of Finance) would be examining proposals for disbursement from the fund created through the surcharge, to steel plants up to Rs 10 crores; the disbursement beyond that level would be done under the usual procedures.

Under the recent restructuring of SAIL, all the general managers of the integrated steelworks, Mr Sondhi said, had been re-designated as their managing directors. They had been made permanent invitees to the SAIL board meetings. Their powers had been enhanced and they were now fully accountable for the performance of the units under their charge.

Towards self-reliance in Defence—II

R. C. Ummat

The author continues with the description of the production and research and development effort being undertaken at the various defence establishments which he visited recently.

LAST WEEK in the first part of this article were discussed the research and development efforts that have been made in the recent years in the field of aeronautics at Hindustan Aeronautics Limited and the Aeronautics Development and Gas Turbine Research establishments at Bangalore. Also commented upon in that piece was the production performance of HAL. This write-up relates to the production and R&D records of the three other units under the charge of the ministry of Defence Production—the Electronics and Radar Development Establishment (LRDE), Bharat Electronics Limited (BEL) and Bharat Earth Movers Limited (BEML)—which I visited during my recent tour to Bangalore and Kolar.

The LRDE and its three sister research units, namely, the Defence Electronics Research Laboratory, Hyderabad, the Solid State Physics Laboratory, Delhi, and the Defence Electronics Applications Laboratory, Dehra Dun, along with BEL and some others have enabled the electronics industry in this country to come of age during the last two decades. The LRDE was established in April 1958. Its three sister organisations came up a few years later. The BEL was set up in 1954.

indigenous production

As in the case of aeronautics, the R&D budgets of the above electronics development organisations, though none-too-abundant, have resulted in a wide variety of electronic components and equipments being developed indigenously. Production of many of them has already been taken up, both in the public and the private sectors.

The LRDE is stated to have successfully completed since its inception as many as 60 designs and development tasks relating to such diverse fields as sophisticated and contemporary systems of radars, communication equipments for switching, multiplexing, transmission by radio and lines, speech secrecy equipment, electronic devices, electromedical systems, portable power sources, etc, As many as 43 equipments developed have been even productionised—18 are being manufactured at the pilot plant of LRDE and the balance 25 at various public sector enterprises such as BEL, Electronics Corporation of India, Indian Telephones and Instrumentation Limited and private sector enterprises which include TELCO, Ruttonsha, Philips India, Kirloskars, Siemens India, Davana and Company, Greaves Cotton, AMCO, Union Carbide, Beni, etc. The know-how for seven devices for medical

POINT OF VIEW

care is stated to have been passed on to the NRDC for commercial exploitation. The value of production resulting from the above is said to have exceeded Rs 33 crores.

Some of the important equipments developed recently at LRDE are Ni-Cd batteries, automatic electronic exchange (40+12 lines), distant measuring equipment, solid state switchboard telephone, semi-electronic cordless switchboard telephone manual, hand generator for firing artillery guns, gyro amplisteer for correcting direction of ships, moving targets indicator, patient monitoring system and cardiac pacemaker. The LRDE also claims that it has developed the most modern computer for medium applications in defence services.

The development efforts currently being made relate to advanced techniques in the area of detection of low-flying targets, digital computerised communication and mobile communication systems. A good deal of work has been undertaken to miniaturise the equipments already developed. The cardiac pacemaker, which is undergoing fairly extensive trial at present, is expected to cost to the consumer just a fraction of the cost of the imported device. The trials are anticipated to be completed by the end of this year.

All the above major developments have been achieved by LRDE over the past one decade or so at an investment of about Rs 14 crores only.

frugal budget

The BEL, which started production in a modest way with just two items—a HF medium transmitter and an associated receiver for defence services—in 1954, has not only grown into a giant manufacturing organisation in the professional as well as entertainment electronics, but has also taken fairly rapid strides in the R&D sphere, which was entered into in 1963 with a modest first-ever allocation out of its profits. This allocation was raised to three per cent of the turnover in 1966-67 and to five per cent in 1971-72. Up to March last, an investment of Rs 5.5 crores had been made in capital, plant and machinery in regard to research and development. Revenue expenditure on these endeavours till then had been approximately Rs 18 crores.

The results of R&D efforts have been quite wholesome. It is claimed that the undertaking has already put in the market over Rs 90 crores worth equipment produced through its own know-how. Another Rs 34.1 crores have been realised from the sales of the products of collaborators' design but redesigned by BEL. The proportion of output of the items wholly developed by BEL or redesigned from collaborators' models has sharply grown in recent years—from just 0.23 per cent in 1974-75 to over

0.47 per cent in 1976-77. Currently, the undertaking has only two foreign collaborations—one with the French for 3D static radars and the other with RCA for integrated circuits; most of the other collaboration arrangements entered into in the early stages having expired have not been renewed.

In the field of communications, BEL has developed equipment in HF, VHF, UHF and microwave frequencies both for defence and civilian applications. Also have been developed cyclone and storm warning radars, studio and transmission equipment for AIR and Doordarshan, a VHF omni-range equipment for civil aviation to help in navigation and secondary serveillance radars. The achievements of BEL in indigenous designing include ruggedised version of a minicomputer, a large number of computer peripherals, a variety of transmitting tubes ranging in power outputs from 400 KW to 100KW, magnetrons, cathode-ray tubes, custom designed hybrid micro-circuits, vacuum capacitors, vacuum contactors, crystal filter, temperature compensated crystal oscillators, etc.

increased production

Production as well as profitability-wise too, BEL has traversed a long distance during the recent years. As against Rs 19.56 crores in 1967-68, the sales of the undertaking last year (1977-78) aggregated to as much as Rs 73.7 crores. A growth rate of 13 to 15 per cent has been registered for several years. The total production, which was of the order of Rs 21.10 crores 10 years ago, currently approximates Rs 80 crores.

Profitability during these years has grown from Rs 3.81 crores to Rs 6.90 crores (1976-77). Besides increasing reserves from Rs 4.73 crores in 1967-68 to as much as Rs 25.04 crores, the dividend has been raised from 8 to 12 per cent. The net worth had grown to Rs 32 crores by 1976-77 when the equity capital amounted to Rs 6.96 crores.

The BEL has as well started exporting its products in an impressive way to as many as 40 countries. Last year its export earnings amounted to Rs 15.91 crores, as against Rs 7.36 crores in the previous year and a modest Rs 0.75 crores in 1975-76. This performance has been duly recognised through national awards. It is proposed to further build up the export market.

The two units of the undertaking at Bangalore and Ghaziabad manufacture currently over 350 diverse electronic equipments and components—from tiny transistors and ICs to high power transmitters and radars. The sprawling Bangalore factory houses six separate production divisions under one roof: low power communication equipment division, high power communication and broadcast equipment division, radar division, electron tube division, semi conductor division and passive components division. Also manufactured at Bangalore are television picture tubes. The Ghaziabad unit, added in 1974, produces air defence radar systems and communication equipment for different applications. Forty to fifty per cent output goes to meet the defence needs. The remainder caters for the civilian requirements, including those of police, broadcasting services, meteorology, civil aviation and posts and telegraphs.

With a view to making the requirements of defence services according to up-dated standards, a new series of equipment for the plan AREN (Army Radio Engineered Networks) has been designed and developed. The Ghaziabad unit has completed the development of 3D mobile radars and mobile troposcatter communication system to be used by IAF.

systems capability

With the expertise and know-how it has developed over the years, BEL claims that it can now offer the country total systems capability in electronics.

The order book of the undertaking currently is quite comfortable—around Rs 225 crores, including export orders worth about Rs 25 crores to be executed in the next two years. To meet the growing demands on it, it is setting up a third factory at Pune to manufacture night vision equipment. This unit is expected to go into production early next year. A fourth factory has also been planned with specialisation in the production of some of the present products of BEL along with some of those currently being developed.

The output of TV picture tubes, presently around 120,000 numbers annually is expected to be raised to 200,000 numbers in the near future. The main bottlenecks in this connection—those of screen baking and aging—have been overcome through additions to facilities. With a view to bringing down picture tube costs and to cater for the growing requirements, anticipated to go up to 500,000 numbers by 1981-82, it is stressed, the country will have to go in for a glass-shell manufacturing unit of a global standard size of about 800,000 numbers. The excess output can be exported, as even though black and white television market abroad is contracting, it will be still there to absorb our excess production till the domestic market can fully take it up. The cost-benefit advantages in this line of manufacture, it is emphasised, cannot be fully secured without vertical integration. The know-how for the purpose, of course, will have to be imported.

computer manufacture

The BEL is also expected soon to exploit in a big way the AM/FM device developed by it recently. It is as well awaiting the government's policy in regard to the licensing of the manufacture of mini-computers.

The major task before BEL in the coming years, it is said, will be to up-date the equipment being manufactured at present. This task has already been taken up and is proposed to be pursued on a continuous basis. Meticulous quality standards are being adhered to at the various stages of manufacture. The production facilities are envisaged to be augmented in the next three years to yield an annual output of Rs 110 crores. Besides setting up the two new units, the existing plants are proposed to be expanded. Sub-contracting and purchases from small entrepreneurs, which currently aggregate to a couple of crores rupees worth, are being stepped up with the objective of trebling them in the next five years. More than 250 small-scale units spread over the country are said to be producing over 15,000 items for BEL. The undertaking imparts its technical know-how to them.

The BEML, which came into being in

the middle of the sixties as a result of the separation of the rail coach factory of Hindustan Aeronautics from the parent organisation, too has recorded commendable progress, especially in the past few years, both in production and the R&D effort.

doubled output

Value-wise, the output of the undertaking has more than doubled during the past five years—from Rs 39.79 crores to approximately Rs 85 crores. Even if note is taken of the fact that inflation has contributed to the extent of nearly 50 per cent to the increase in output (that is applicable to almost all industrial undertakings), the annual growth rate cannot be said to be insignificant. The Kolar Goldfields factory, which commenced production in 1967 as a new unit to manufacture heavy earthmoving equipment, has turned out so far approximately 5,000 pieces of eleven different types—rear dumpers in three sizes of 25, 35 and 50 tonnes, crawler tractors also in three sizes of 90, 180 and 250 HP, scrappers of 11.5 cubic metres capacity, motor graders of 115 HP, track shovels of 2.3 cubic metres capacity, loaders of 3.5 cubic metres capacity and wheeled tractors. Its annual production went up from 141 pieces in 1967-68 to 612 pieces in 1977-78.

The rail coach factory at Bangalore has produced, since its transfer to the BEML, 3,472 numbers of broad gauge integral rail coach of 21 models—five models of second class sldeper/passenger coaches, 10 models of postal and parcel van and six models of brake van. It meets approximptely 25 per cent of the Indian railways' requirements of coaches. As a measure of diversification due to decline in orders for rail coaches in the last two years, even though the capacity to produce them had been raised from 300 nos. to 400 nos., the Bangalore unit has also undertaken the production of heavy duty trailers (20 and 50 tonnes capacity). Since the start-up of production in this line, 257 trailers have been manufactured. The rail coach factory accounts for nearly 13 per cent of the turnover of the entire undertaking. The remainder output is accounted for by the KGF unit.

A signnificant fact to be noted about the working of BEML is that right since its coming into existence, it has been showing a profit. In the initial stages that might have been due to the transfer for the rail coach division, but the subsequent growth in profitability has been primarily due to the management making concerted efforts at avoiding undue investment and effecting increases in productivity, These factors have enabled the undertaking to absorb quite significantly the increases in produciion costs. During the six years to 1976-77, whereas the escalation in production costs had been of the order of as much as 105 per cent, the sale prices of the products had been put up only by 79 per cent. The increases in the sale prices, it is claimed, have been well below the international trends. The present prices are stated to be up to 50 per cent below the landed cost of comparable imported equipment in the case of wheeled equipment and up to 12 per cent in the case of crawler tractors.

financial record

The average return on net worth during the last 10 years is stated to be between 10 and 12.5 per cent. The gross profit in 1967-68 amounted to just about Rs 30 lakhs. By 1976-77, it had grown to Rs 8.11 crores: the profit after tax in this year amounted to Rs 4.21 crores. The equity capital then stood at Rs 12 crores, as against Rs 6.813 crores in 1965-66. The reserves and surpluses during this period had grown from Rs 39.89 lakhs to Rs 24.01 crores. The dividend has been maintained since 1971-72 at five per cent when it was raised from four per cent.

The achievements of the undertaking should stand in bolder relief if notice is taken of the fact that strenuous efforts had to be made all through its existence to train up manpower in the sophisticated lines of production and retain it in a backward area, the economy of which had suffered a setback due to the only other worthwhile industrial enterprise there engaged in gold mining having fallen on evil days.

The research and development activities of BEML, started in 1969, initially aimed at indigenisation of components and then at improvement of the existing models. Recently the development of new models has been taken up, which marks the third and the final stage of R&D. On an average, 75 per cent of equipment manufactured by BEML has been indigenised. This percentage is higher—up to 90 per cent—in the case of some large equipments. The rail coach manufacture has been indigenised up to 95 per cent. A substantial proportion of the import content currently is accounted for by raw materials.

Among the new items developed by BEML itself are included 1.3 and 2.3 cubic metres track shovels, 1.6 and 3.5 cubic metres wheeled loaders and 32 cubic yards bottom dump coal haulers. The heavy duty trailers (20 tonnes and 50 tonnes) produced at the Bangalore unit have also been developed indigenously. Also have been designed and developed some major sub-assemblies such as power shift transmission, heavy duty planetary axle, hydraulic motors, pumps and control valves, etc.

As a result of the above, the Japanese and Yugoslav collaborations secured by BEML in the early years of its operations which expired about two years ago, have not been revived. The US collaboration for wheeled products, however, is still there. The Japanese and Yugoslav collaborators, of course, continue to supply some components for the equipment originally taken up for production with their assistance.

manufacture of pipelayers

The BEML is currently developing various types of pipelayers the demand for which is expected to grow in a big way in the next few years. Work has also been started on developing heavy recovery vehicles. It is proposed to increase allocation for R & D effort from around Rs 40 lakhs at present to about four crore rupees in the next 10 years.

The undertaking has started exploring the export market in the neighbouring countries where it can provide adequate after-sale service. The BEML products to a value of about seven crore rupees have already been exported to such countries as Kuwait, Iraq, Muscat and Bulgaria. An order for the supply of some dumpers, scrappers and motor graders, valued at four

crore rupees has been recently received from Burma.

The performance of BEML has come under some strain recently due to the shortage of power supplies, to augment which to the barest minimum in terms of the production programme, it had to pay a high price. This is understood have eroded its profitability to some extent during 1977-78.

With a view to ensuring that supplies keep pace with the growing demand, there are plans to increase the production of heavy earthmoving equipment to 850 pieces in the near future at a further investment of eight crore rupees. A third factory may be set up to take up exclusively the manufacture of a particular line of production of the Kolar Goldfields unit.

The undertaking has drawn up recently an ambitious corporate plan up to 1990-91. It aims at increasing the annual sales by 20 per cent by 1980-81 and 17 per cent thereafter. The production of the existing equipments is envisaged to be increased to 770 pieces by 1980-81, 1,145 pieces by 1985-86 and 1,645 pieces by 1990-91. Several new products are proposed to be taken up for manufacture. These include front-end loaders of capacity 1.6 cubic metres and above, bottom dumpers, heavy vehicles for various roles, crawler tractors of 400 HP range, pipelayers, excavators in higher ranges, rear dumpers of above 50 tonnes capacity, power shift/hydrostatic transmissions for sale outside BEML. By 1980-81, the production of new products is envisaged to be established to an annual rate of 70 pieces and those of heavy vehicles to 95 pieces. It will be raised to 235 and 200 pieces, respectively, by 1985-86 and further to 360 and 300 pieces by 1990-91. The output of transmissions will be built up to 60 pieces by 1985-86 and to 300 pieces by 1990-91. The manufacture of rail coaches and trailers is to be kept pegged at 400 numbers—300 numbers rail coaches and 100 numbers trailers.

The proposed restructuring of the existing production facilities and the setting up of new units is anticipated to involve at current prices a capital outlay of approximately Rs 166 crores, besides about Rs 53 crores to be incurred on replacement programmes.

The corporate plan, if implemented fully, is expected to raise the turnover of the undertaking to Rs 175 crores by 1980-81, Rs 390 crores by 1985-86 and Rs 725 crores by 1990-91. The after-tax profit projections envisage this profit to grow to eight crore rupees by 1980-81, Rs 18 crores by 1985-86 and Rs 40 crores by 1990-91. Most of the investment requirements of the programme are proposed to be met from internally generated resources; the financial assistance to be sought from the government is put at about Rs 20 crores only in the form of equity or loans.

(*Concluded*)

Income escaping assessment: where the law stands

F. L. Berarwalla

The author details the two conditions which must be satisfied before an ITO can take action under section 147 of the Income Tax Act, 1961, which empowers him to assess income which escaped assessment in the relevent year.

SECTION 147 of the Income Tax Act, 1961 deals with a very important subject of income escaping assessment. This section and sections 148 to 153 have taken the place of section 34 of 1922 Act. The original section 34 wore an air of engaging simplicity before it was amended in 1939. Section 147 imposes no charge on the subject but deals merely with the machinery of assessment; and in interpreting provisions of this kind the rule is that that construction should be preferred which makes the machinery workable. This section empowers the ITO to assess income which escaped assessment in the relevant assessment year. The power to take proceedings under this section is not confined to cases where the assessee had concealed his income; it also extends to cases where though there was no concealment by the assessee the ITO has reason to believe in consequence of information in his possession, that income has escaped assessment.

The fact that assessment has become 'final' in appeal would not preclude the ITO from exercising his powers under this section. But the finality of an order cannot be disturbed unless the requirements of the law are satisfied.

Reassessment proceedings may be taken more than once under this section in respect of the same assessee for the same year. The decision of the Supreme Court in *Narayanappa* V. *CIT* 63 ITR 219 and numerous other cases and the judgements of various high courts establish that two conditions precedent must be satisfied before the ITC can take action:—(i) He should have reason to believe that income has escaped assessment, and (ii) it should be in consequence of information received after the original assessment that he should have reason so to believe. If either condition is not satisfied, the ITO's action would be without jurisdiction. Commenting on the second condition, Shah J. speaking for the Supreme Court in *CIT* V. *Raman & Co.* 67 ITR 11 observed, "That information must, it is true, have come into the possession of the ITO after the previous assessment, but even if the information be such that it could have been obtained during the previous assessment, from the investigation of the materials on record, or the facts disclosed thereby or from other inquiry or research into facts or law, but was not in fact obtained, the jurisdiction of the income tax officer is not affected." In the same judgement it is stated that "information" means "instruction or knowledge derived from an external source", meaning thereby that a mere internal change of opinion would not justify the reopening of an assessment."

Income cannot be held to have escaped assessment merely on the *ipse dixit* of the ITO. It is for him to establish to his own satisfaction in the first instance, and subsequently before the appellate authori-

ty, that income has escaped assessment; it is not for the assessee to prove that the original assessment was right and that no income has escaped assessment. The burden is on the department to prove that the information on which action is taken under this section was not within the knowledge of the ITO who made the original assessment; and this burden may ordinarily be discharged by referring to the records of the original assessment proceedings. But once the proceedings under this section are validly commenced, the onus would be on the assessee to prove that cash credits in his books of account, or high denomination notes encashed, do not represent undisclosed income.

In recent cases the Gujarat High Court has reiterated its views as follows:—

true legal position

After reviewing some of the leading cases having a bearing on this aspect starting from the decision of the Supreme Court in *CIT* V. *A Raman & Co* 67 ITR 11: (AIR 1968 SC 49) and ending with the decision of this court in incometax Ref. No. 82 of 1974 decided on 21.6.1977: (1977 Tax LR 1333) (Guj), we held that the true legal position which is now settled appeared to be as follows:- (1) that 'information' means instructive knowledge concerning a matter bearing on the assessment received after the completion of the original assessment; (2) that 'information' may be as to the correct state of facts or of law relating to the taxable income; (3) that such 'information' must be capable of arousing or suggesting ideas or notions not before existent in the mind of the Income-tax Officer; (4) that it must be of such a nature as to acquaint enlighten or instruct the mind of the Income-tax Officer for the first time concerning a matter pertaining to the taxable income so that he could form a reasonable belief that there has been an escapement of assessment of tax which requires to be set right by taking steps for reopening the assessment; (5) that mere change of opinion on the part of the Income-tax Officer would not be sufficient and it would not constitute 'information'; (6) that 'information' as to any fact bearing on the assessment may be received from any external source, that is to say, from any person who knows that fact or it may be obtained even from the record of the original assessment proceedings; and (7) that information not amounting to change of opinion as to the correct state of law may be received from research of law made by the Income-tax Officer or it may be received from an external source; if however, 'information' as to the correct state of law is received from an external source, it must be derived from the judicial decision of a person, body or authority competent and authorised to pronounce upon the law.

the conclusion

Applying those tests to the case before us we came to the conclusion in that case that it was not disputed that reassessment proceedings were there started solely and exclusively on the basis of the report of the Audit department which drew the attention of the Income-tax Officer to the correct state of law and that such information was not derived by the Income-tax Officer himself from any research made by him or from any judicial decision of a competent authority. We held that in view of the decision of this court in *Kasturbhai Lalbhai's* case [(1971) 80 ITR 188)] (Guj), such report would not constitute 'information' within the meaning of Section 147(b) upon which the Income-tax Officer could have initiated proceedings for reassessment. Under the circumstances, we found that the case was one not of receiving 'information' within the meaning of Section 147 (b) as understood and explained in decided cases but of a mere change of opinion and that under such circumstances the Income-tax Officer could not have initiated proceedings for reassessment.

This decision, in our opinion, delivered in circumstances which are identical with the circumstances found in the present case must govern the determination of the question referred to us. In the present case, as in that case, the finding of the tribunal is that the information on which the Income-tax Officer acted and initiated reassessment proceedings was derived from the audit report made by the competent authority. Not only is this a clear finding recorded by the tribunal but the question with which we are concerned itself proceeds on the footing that such in fact was the case. The question referred to us in terms wants us to express our opinion on the question whether the tribunal was justified in law in holding that the audit report did not constitute 'information' within the meaning of Section 147 (b). The very assumption underlying this question is that the information on which the Income-tax Officer in the present case initiated reassessment proceedings constituted solely and exclusively of the audit report. It would thus appear that there can be no escape from the conclusion that having regard to our decision in Income-tax Reference No. 14 of 1975: (1978 Tax LR 304) (Guj), the answer to the question referred to us in this case must be in the affirmative. *The Commissioner of Income Tax, Ahmedabad* V. *M/s Distributors Baroda (P) Ltd,* 1978 Tax LR 309.

the appeal

An appeal lies against an assessment or reassessment made under this section. If the ITO acts within this jurisdiction, the courts will not interfere by a writ of prohibition. Nor will the court quash by a writ of certiorari an order of assessment made under this section merely because it is erroneous on points of fact or law. The assessee's remedy in such cases is by way of appeal as provided by the Act. But if the ITO initiates proceedings under this section without jurisdiction or after the prescribed period of limitation has expired, or proposes to make assessment on a person other than the one on who, the notice is served, or in pursuance of a notice which is invalid or not served in accordance with law, or without having reasonable grounds for believing that income had escaped assessment, or seeks to recover tax under assessment, orders which were made without or in excess of jurisdiction, a writ of prohibition or other appropriate writ would be issued by the court. Before concluding, I must quote Lord Halsbury. "The Income Tax is not and cannot be, I suppose from the nature of things, cast upon absolutely logical lines." *Scoble* V. *Secretary of State for India,* 4 TC 618 HL.

Can the Bonn summit succeed?

V. R. Bhatt

London

Though the mood is pessimistic, the author believes there is bound to be broad agreement between the seven summiteers at the economic summit that is to be held in Bonn on July 16 and 17 on growth, unemployment, currencies, energy etc because in their collective interest they cannot afford to procrastinate any more.

THE BONN economic summit of the seven biggest developed nations of the non-communist world (the USA, Japan, the Federal Republic of Germany, France, Britain, Canada and Italy) to be held on July 16 and 17, has the distinction of having behind it the most thorough preparatory work of any summit in recent years. For nearly ten months, senior officials, Finance and Trade ministers of the participant countries as well as the OECD and the EEC Commission, have been meeting to draw up plans to achieve the objective of the summit, which is to end the recession that grips the west and poses a threat as much to its way of life as to its political stability. Three earlier summits in France (1975), Puerto Rico (1976) and the most publicised one held in London last year had been no more than paper successes of agreements or growth targets which could not or were not achieved. The long period of preparatory gestation for the Bonn meeting was to avoid another fiasco of unfulfilled expectations. Nevertheless the mood on the climb to the coming summit has been progressively pessimistic, some of it probably encouraged by the summiteers themselves who do not want expectations to be raised only to be dashed later.

WINDOW ON THE WORLD

But these considerations do not make the summit another exercise in futility. The industrial nations of the west in general have not succeeded in recovering from the recession which began with, but was not entirely caused by the oil price explosion five years ago. In the process of the recovery efforts, inflation, high rates of unemployment, trade deficits leading to deflations, currency instability and protectionism have created situations which affect not only their domestic economic and social stability but also the rest of the world. They must get together to coordinate actions and remedies or get enmeshed in trade and currency wars which will weaken their political power in international affairs (or confrontations) apart from damaging their own societies.

The situation that confronts the summit is indicated by the statistics of the first quarter of 1978. There are over 17 million unemployed (more than half being under twentyfive) in the OECD countries and the most expert projections are that the number will grow. Unemployment in the developed countries does not mean starvation (because of social security shields) but it leads to demoralisation and frustration which generates the challenges to the existing systems by violence or by extremist politics of the left or the right. The growth of fascist and leftwing terrorist groups in many of the industrial countries such as West Germany, Japan, the USA and Italy have been linked by sociologists to the pursuit of affluence and the economic situation. The steady growth of crime, vandalism and mindless violence generally is also blamed on the narrowing of opportunities for meaningful work.

galloping inflation

Inflation has remained at rates never before experienced for such a long period by all the developed countries. The average of inflation for the 4½ years, (4th quarter 1973 to 1st quarter 1978) according to the *Economist*, London, for the seven summit participants has been five per cent for West Germany, eight per cent for the USA, 11 per cent for Japan and France, 10 per cent for Canada, 17 per cent for the UK and 18 per cent for Italy. Every government has tried the time-worn remedies to check the price spiral, cuts in state spending, control of the growth of money supply, high interest rates and curbing demand by tolerating high rates of unemployment. One of the methods recommended as most effective against inflation by economic experts, including in a hastily suppressed study by the OECD four years ago was to use unemployment levels, as a check on inflation since they ease the pressure of demand on available production as unemployment benefits are always lower than earnings from employment. This is still credible in economic theory but has been abandoned for political and social reasons. But inflation, though it has been falling generally has still remained at levels considered unhealthy.

The third adverse development has been

the payment deficits in most of the countries of the west (with the signal exceptions of West Germany and Japan) which started with the oil price increases and were compounded by the unwillingness to adapt the consumerist way of life to realities of the day. A great chunk of the consumer spending money now flows into the OPEC countries, which had a surplus of $ 40 billion in 1976 and has fallen as a result of a glut in oil supplies to $ 34 billion, still a considerable sum. To meet the deficits, many countries have had to restrain demand and adopt austerity, western style, (which is either a smaller or fewer cars per family, number of dresses and so on). The resulting contraction of the economy further fuelled, strangely enough, inflation (which produced the new economic term of stagflation—the contradictory juxtaposition of stagnation and inflation) unemployment and caution in new investment. Even a more curious outcome as a result has been the rise of savings by the man in street for a rainy day.

bizarre development

The most bizarre economic development, which preceded the current recession but now appears to have become a norm, is the baleful force of international currency speculation that can assume overnight hurricane proportions against individual and mostly floating currencies. The pound sterling, the French franc, the Italian lira and for many months now the American dollar have felt the power of the foreign exchange market throwing its multi-billion resources to buy or sell currencies to make a quick profit from its subsequent rise or fall. It may give temporary advantage to exports for the falling currency country against the rising currency countries but the rapid changes destabilises economies, investment intentions, causes disarray in pricing patterns and, if the fall continues, diminishes confidence in foreign creditors and trading partners.

The growth of protectionism has been another ominous development of the recession. It affects both the developed and the developing countries and takes new forms such as the American system of hiking tariffs on imports if they are suspected to be dumped and the British practice of state subsidy to declining industries or employment support payments to firms. Within the west most of the measures have been taken against the most successful export nation, Japan, whose payment surplus was nearly $11 billion last year which according to the Japanese ministry of International Trade will rise to as much as $25 billion this year. The other country with enviable surplus is West Germany which though modest in comparison with Japan was nearly five billion dollars last year. On the other side has been the galloping payments deficits of the wests biggest economy of the United States which this year is heading for a $26 billion trade deficit.

increasing protectionism

But developing countries like India which are pushing their manufactures into markets abroad also feel the bite of these protectionist measures. Indeed selective protectionism against individual countries may be an outcome of the Bonn summit if the EEC decision of June 28 gets the summit approval as it may because the Community is the biggest trading group in the world. Pressed by Britiain and France against West Germany and Danish reservations the ministerial council of the EEC decided to effect a change in the GATT Safeguards Clause under which restrictions imposed by a government must affect all imports of a given product from whatever sources. What they will press for (as West Germany and Denmark have acquiesced in the decision) is the right to impose additional duties or quantitative restrictions on imports from any individual country if they are considered to be disrupting the home markets. The USA already exercises this selective protectionism through the countervailing duty law. Incidentally this law has been a sore point with the EEC in its trade relations with the USA.

How then can the summit provide the impetus needed to lift the west as a whole from its chronic recession and associated harmful social and political consequences? The hopes of most, particularly Britain, France and Italy and of the OECD and EEC experts centre on coordinated measures for an economic expansion based on reflation and boosting of domestic demand, particularly by the strongest of the western economies. Under the published agreement of the 1977 summit, the nations chosen to be "the locomotives" of a general revival were the USA, West Germany and Japan who agreed to a target of 4½ per cent growth (which itself was a reduction of ½ per cent from the OECD growth rate of five per cent agreed in 1976). This strategy which has come to be known as the "locomotive plan" was intended to create increased export opportunities for other western countries and the rest of the world.

In practice, only president Carter started implementing the plan. American expansion took place, unemployment fell but soon led to a massive trade deficit largely caused by rise in oil imports, and intense pressure on the dollar. Inflation has also begun to move upwards. West Germany and Japan refused to fall in line and indeed the German growth rate this year is expected to be between 2½ per cent and three per cent. Japan has not expanded its domestic demand to external imports.

valid complaints

But the Germans and the Japanese have valid complaints against the leading "locomotive", the USA, for its ever-growing appetite for oil imports which it encourages by keeping domestic prices much below world levels. The consequent payments deficit and the falling dollar adversely affects the west. Chancellor Schmidt has made it clear that unless the USA cuts down its oil imports and stability is restored to international currencies, West Germany would be unable to accept any target of domestic growth. Japan's response has so far been as cautious in addition to some window dressing. Japan has recently allowed the yen to appreciate *vis-a-vis* other currencies (as an export damper) and is stockpiling immense quantities of oil and is to buy tankers on charter to Japanese companies, all of which will reduce the next payments surplus. How and to what extent imports will be encouraged is not yet clear.

The country which is most dependent on the locomotive plan and its most fervent canvasser is Britain. Italy, France

and indeed the developing countries would also benefit from the hopes for stimulus in the domestic economic growth of the more powerful economies. But much depends on factors such as pressures in the American Congress which have so far resisted president Carter's programme of lessening oil consumption in the USA. If some breakthrough occurs on this front, the chances of an effective coordinated plan for general revival will improve.

There appear to be better chances for the curbing of the volatility of foreign exchange markets. Britain, France and Italy are now agreeable to re-enter the West European "snake" of linked currencies with a $2\frac{1}{2}$ per cent limit on fluctuations. But the snake may become a boa as the limit may be raised to five per cent. Chancellor Schmidt believes that even then it would cushion the dollar and stable international exchange rates would create a much better climate for future growth.

The developing countries figure prominently in the summit consideration because of a distinct change of attitude by the developed countries. In the debates preceding the summit there has been a closer study of developing economies' relation to the developed world. It has been now recognised that a growth of demand world-wide is essential for growth of trade and individual economies. But this cannot be done in a one-sided manner. Demand to grow in the developing countries depends on how widely and quickly their economies and living standards can be lifted. The answer is the transfer of appropriate technology and capital flows and investment. Debt cancellation is another part of the programme of action. From the present indications, the halted North-South dialogue would receive a push from the summit.

Communique-wise, the summiteers, particularly the host West Germany cannot afford to disperse having achieved nothing. There is therefore bound to be broad agreement on growth, unemployment, currencies, energy and the North-South dialogue. Something may still come out of these, for the west cannot afford any longer, in their collective interest, to procrastinate in their individual self-interest.

GDR : the rise and role of working women

Women constitute 44 per cent of the workforce in the German Democratic Republic. Almost every third innovator in the GDR's economy is a woman. Highly qualified and skilled women workers at modern plants are a common feature of the GDR. Special safety measures are enshrined in the laws and regulations of the GDR for working women in consonance with their physical and physiological characteristics.

In the German Democratic Republic, some 85 per cent of all women of working age, i.e. 15 to 60 years, go in for a trade or profession or are undergoing vocational training. This high rate, one of the highest in the world, is no short-term phenomenon. The right to work is an inalienable part of the equality of women in socialist society. By working, women not only develop economic independence but also their social status, their participation in political life, their standard of education and their personality in general. This was one of the decisive reasons for going in for a trade or profession for many women and still is as we may see from the fact that the high percentage of working women in the GDR has been achieved during a period when the standard of living has improved continuously, the number of single women has decreased and the direct financial necessity for women to work has thus been reduced.

During the 30 years which have passed since the foundation of the GDR, the working-class party, the SED, has used all its strength, in alliance with all progressive, democratic forces to create the objective and subjective conditions for equal vocational careers for women. It has laid the legal foundations for the elimination of all forms of discrimination against working women; set up the necessary workplaces and a standard of economic development providing social security for women and giving them constant job opportunities; provided further training for women thus enabling them to enjoy school and vocational training on an up-to-date basis; ensured conditions existing which allow women to cope with the demands of their vocations and families; adopted measures for protecting women's health and ability to work as well as that of mothers and convinced millions of women and men of the necessity of women working in the interests of the family and of women and also in the interest of the socialist national economy.

Immediately after the liberation of the German people from nazism by the Soviet Union and its allies, women on the territory of what is now the GDR (the then Soviet occupation zone) were offered training in trades and professions formerly only open to men. This is particularly true of industry.

German antifascists were rendered valuable support by a regulation issued by the Soviet Military Administration (Order No 253). This obliged the German administration for work and social care, to check the validity of the list of vocation in cooperation with the health care establishments and the free German trade unions within a period of two months, in terms of which of women were prohibited or limited for some special occupations for a number of reasons. Those trades and occupations harmful to women's health were to remain on the register. This was the first legal basis for the consistent struggle which was

to come for creating the basis for the opportunities to work for women in almost all trades and professions.

This document at the same time provided for the legal basis of the solution of a problem, for which the German working-class movement had fought since its inception, i.e. the principle of equal pay for equal work. It was laid down that for equal work equal pay for workers and office employees irrespective of sex and age was to apply. The cancellation was ordered of all acts and regulations which infringed this principle. Article 18 of the 1949 Constitution of the GDR made the principle one of the basic right for women in the GDR.

Together with the development of the GDR the preconditions for women working in all spheres of the economy improved. Even the "Act on the protection of mother and child and the rights of women" of September 27, 1950 stated in section 23, among other things, that firms and institutions have to see to "the improvement of the working conditions of women in industry; the legal regulations on the prohibition of delegating heavy physical work or work harmful to the health of women; and the provision of sanitary, hygienic and social facilities for working women."

record rise

The percentage of women working in the various eoonomic sectors has changed in the course of the last few years. For example, in 1949, 25.9 per cent of workers in industry were women whereas the 1977 figure was 44 per cent. This percentage did not only go up in industries such as textile and other light industry where the percentage had always been high. It even rose in those sphere where formerly men had the lion's share of the workplaces, e.g. the chemical and iron and steel industries.

Not only the percentage of women working in industry has changed, but especially the content of work done by them. In addition one should know that the GDR's national economy and its industry is not based on private profit. The economy is the property of the people, planned and is managed under socialist conditions by working people in many different forms.

The GDR devotes a great deal of attention to using highly productive machines and equipment in its national economy to full capacity. That means that increasing numbers of workplaces, above all in industry, are used in several shifts. The women's insight into the necessity of using modern plant intensively, is borne out by their increasing share in shift work. Three out of ten production workers on shift work in the centrally planned industrial sector aie women. There are two main reasons for this.

universal phenomenon

First, this manner of working on the part of women is not a specific phenomenon of selected industries in the GDR, for example light industry and particular the textile industry but increasingly applies to all industries. The workplaces for women working in shifts inherited from capitalist Germany, characterized by monotonous and unskilled operations, are increasingly developing into workplaces with interesting tasks, demanding a high standard of qualification and many-sided interest and include bearing a heavy share of social responsibility. In this sense shift work for women does not, as in former times, present the only opportunity of finding a job, but does offer women the opportunity of working with the most modern machines and equipment. In GDR a large number of women carry out the task of skilled workers in the chemical industry, as crane operators and in computer technology.

Second, it is a commonplace that under socialist state and society such as GDR devotes a great deal of attention to a topic as full of problems as women and shift work. New developments and findings are resulting in new decisions. The growing variety of multi-shift workplaces and the increased number of women in multi-shift work are playing a steadily growing role in the social policy of the socialist state with emphasis on the better coordination of the multi-shift work for women and mothers with family life, education and further education and the development of the women's personalities. A cornerstone is provided by measures for the support of mothers on shift work.

Thus the GDR Labour Code states that nightshifts and overtime work are prohibited for pregnant and nursing mothers. Women with children up to the age of six years are allowed to refuse night shifts and overtime work.

Mothers doing shift work were among the first working people for whom the 40-hour working week was introduced without any reduction in pay. This now applies to all mothers with two or more children up to the age of 16 (regular working hours in the GDR are $43\frac{3}{4}$ hours). In addition mothers doing shift work receive longer holidays. There are special measures of support for mothers doing shift work who are undrgoing training or are going for further education.

Numerous firms in the GDR produce workplace analysis with the help of a scientific organization of workplaces by appropriate labour techniques and arrangements to the standards of skilled workers and to make work more interesting by creating greater scope for initiative and decision-making. This in turn raises the workers' responsibility for their machines and equipment. The fact that work is becoming more interesting and often easier is one reason for many women working in industry trying to obtain the qualification of a skilled worker.

advancement plan

The plan for the advancement of women, which is concluded annually between the manager and the trade union and which is part of the enterprise collective agreement, according to section 30 of the Labour Code lays down measures to encourage the creative abilities of women in the process of work, to further education in the political and professional sphere and the planned preparation of their employment in leading positions for management purposes and for the improvement of their working and living conditions.

There was a great educational backlog in regard to women in comparison to men during the first few years of the GDR's development. However, neither during the construction of socialism nor the building up of advanced socialist society it was the aim to merely do away with the backlog. It has always been the aim to educate both men and women, a task which is dictated by the respective de-

mand of the development of society as a whole.

The development of ten-year comprehensive polytechnical education and of vocational training for boys and girls has helped to implement the principle of equal opportunities in education for the young generation.

Girls basically have the same opportunities of going in for all trades and professions with the exception of those which are detrimental to their health. The number of female apprentices in technical occupations increases annually as shown in the table below.

Since 1960 the number of women studying at technical schools and colleges increased almost three-fold. The percentage of female students grew from 27 per cent to 59 per cent.

In 1976 universities and colleges in the GDR accounted for 62,100 female students. The number of female students at technical schools was 110,400 in the same year.

Girls increasingly choose subjects in the natural sciences and in technology. The number of college and technical school graduates working in industry more than doubled between 1971 and 1976.

Women who have proved themselves at their jobs and who have children to look after, have the opportunity of attending a special study course for women at colleges or technical schools. They are largely released from work on full pay and can thus study under favourable conditions. More than 17,000 women graduated from study courses for women at colleges or technical schools between 1970 and 1976.

One in six managers in industry is a woman. At intermediate levels of management women are today to be found to the same extent as men but this has not yet become as common a practice in the higher echelons of economic management. This deficiency is one of the results of the period in which there was a shortage of well-trained women in technology and natural sciences. Today, when many young and talented women with university or technical school degrees are available, having to look after a family plays an important role in their refusing higher managerial positions. Many firms have set themselves the task of mastering this problem in cooperation with the women by special social care and longterm preparation, by enhancing their ability to work in positions of responsibility.

Whereas very good conditions had already been created in the sphere of general education and vocational training in the late sixties and discrimination of women dating from former times had been abolished in this field, we still are lagging behind in qualifying older women workers in camparison to men of the same age group. The overwhelming majority of the older working women had no vocational training because of the imperialist educational policy in former Germany and almost none of them had acquired a skilled worker's qualification in the post-war period. To change this remained an important task even up to the early seventies, because at that time only one out of four women workers had a skilled worker's qualification for the job she was doing. After the 8th Congress of the SED in 1971, when the leading role of the working class became even clearer, the necessity arose as to how to support women workers in getting higher qualifications.

In 1973 a regulation was promulgated laying down rules for vocational training in general. Among other matters it envisages measures facilitating the acquisition of skilled worker's qualifications for women over 35. Written examinations are not called for if the women has worked for at least three years in the respective occupation. Women over 40 who have worked for 10 years or longer in a certain trade or profession, have attended qualification courses and work in a particularly responsible manner may, on the strength thereof, be awarded a skilled worker's certificate.

Number of Female Apprentices in the GDR—1971-76

(Per cent)

Occupations	1971	1976
Skilled worker in the chemical industry	66.8	81.5
Machine operators	42.5	47.2
Moulder	29.6	39.9
Mechanics	40.5	50.1
Plant operator	47.9	57.9
Turner	22.4	29.9
Maintenance mechanic/mechanic for data processing machines and office machines	36.1	61.8
Electronics mechanic	33.1	48.6
Automated plant operator	36.8	66.3
Computer operator	75.0	82.8
Skilled textile worker	90.6	92.1
Skilled textile worker (man-made fibres)	96.6	98.5

standard qualifications

The standard of qualification of women has improved year after year on account of continuous measures in the sphere of socialist educational policy, support for women and their readiness to learn. In 1976, 65.5 per cent of women working in the socialist economic sector had a skilled worker's certificate. One-third of the female skilled workers received their qualifications between 1971 and 1976. Between 300,000 and 400,000 working women go in for further training and education annually within the framework of adult education courses.

The higher level of education of women in the GDR finds expression in their great interest in social and political matters. For example, they increasingly use their right to co-determination in their enterprises.

The overwhelming majority of all working women in the GDR are members of the Confederation of Free German Trade Unions (FDGB). As the all-in class organisation of the working class it guarantees the implementation of the interests of all working people by its active work in governmental institutions, the economy and society. The FDGB has a member-

ship of 8.2 million, 4.1 million of them women. More than one million of the trade union officials in the enterprises, i.e. 45.5 per cent are women. The executive councils of the FDGB and of the industrial and other trade unions have 50.2 per cent women among their elected membership. Fortyfour per cent of all chairmen of the enterprise trade union branch committees are women.

A scientific opinion poll in 1973 found out that out of 986 women doing one-shift work 47 per cent had one or even more social functions (the respective number for men was 67 per cent). For 577 women doing shift work in industry the percentage was 44 (the figure for men being 51 per cent).

new attitude

The new attitude of women concerning their vocations and their social work is also reflected in women's participation in socialist competition and in the innovators' movement. In 1976 507,000 women handed in suggestions for innovations in the national economy. Female innovators made up 22 per cent of the total number of women workers. This amounts to an increase of more than 300 per cent compared to 1965. Almost every third innovator in the economy is a woman. Innovators not only help in the improvement of technology and of working and living conditions, but in other fields also. They do this in addition to their work. The proposals made by them must at least be new to the firm in order to be recognised as an innovation and thus qualify for material recognition.

Much attention is being paid to health care and labour safety for working women in the GDR. It would not really be equality if we demanded that women carry all work under the same conditions as men as they are often unable to do so on account of their different constitutions, at least not without damage to their health. For this reason special safety measures for women at work have found their place in laws and regulations since the foundation of the GDR. Their implementation is strictly supervised.

According to law women must not be given certain heavy work or work detrimental to health.

Working conditions have to be arranged according to the physical and physiological characteristics of women.

One of the labour safety regulations lays down the norms for women for lifting and carrying articles, noise limits and air pollution indices. The design of the workplaces is also specified.

Regular check-ups in the sphere of industrial medicine and hygiene investigations lead to new regulations for ability tests and control investigations. Some new medical findings cause joint investigations by works' doctors and innovators on how to adapt the workplaces better to the needs of those working there.

Some enterprises in this country have laid down workplace regulations. These lay down the conditions under which women are allowed to work at each workplace in order to enable them to achieve full standards of efficiency.

Special regulations have been drawn up for labour safety for pregnant and nursing women and mothers with children up to the age of one.

For example the GDR Labour Code section 242 reads:

"(1) Pregnant women, nursing mothers and mothers with children up to one year old must not be given jobs specifically defined in law.

(2) Pregnant women, nursing mothers and mothers with children up to one year old must not be given jobs which could in the opinion of the firm's doctor or the doctor at a pre-natal advice centre endanger the life or health of the women or child.

(3) In cases mentioned under (1) and (2) above the firm concerned has to provide suitable alternative work for the period in question. The worker is to receive at least average pay."

Women receive 26 weeks paid maternity leave in the GDR. After that the working women can take advantage of unpaid leave up to the first birthday of the child and after the birth of the second or every subsequent child of paid leave up to the first birthday of the child. Her job is kept open during this period. The prohibition of night shift and overtime work for pregnant women and nursing mothers has already been mentioned.

Fewer and fewer women in the GDR suffer from occupational diseases. This is, among other things, due to expert advice extended by the occupational advice centres. Sanitary and social facilities in the enterprises have been improved. Enrolment and ability examinations, general and special routine check-ups, for example for early detection of cancer of the uterus and cancer of the breast help to keep an eye on women's health.

The high percentage of women working in occupations formerly reserved for men only, especially in industry, shows the great improvements in working conditions under the socialist mode of production. The elimination of heavy labour for all working people is one of the important tasks of a socialist society. Highly qualified skilled women workers at modern plants and machinery, foremen, engineers and women in leading positions are increasingly common in GDR industry to day.

—Panorama, DDR

Eastern Economist 30 Years Ago

JULY 16, 1948

An ingenious, if unconvincing, representation has been addressed by the Engineering Association of India to the President of the Constituent Assembly on the constitution of a new industrial province. to cover certain portions of western Bengal and Bihar. The area proposed to be so covered is 11,613 square miles in extent with a population of 5,207,170 according to the last census figures. It contains only 623 square miles of the Asansol sub-division of Bengal but practically every important industrial area in Bihar in the districts of Santhal Parganans, Hazaribagh, Manghum and Singhbhum. These areas it is claimed will include 80 per cent of the coal industry in India, all the iron and steel industry of Bihar and Bengal, the copper smelting and refining industry, the tinplate industry and an important unit of aluminium industry. "The Association", says the Memorandum, "firmly believes that the new Province under a Governor assisted by a Secretariat of Technical and Administrative experts capable of looking after the various aspects of industry and labour, will be a province where political controversies will not find much to feed on. It will not be a Province with fear of majority rule or minority intrigue but an industrial and mining province whose chief care will be production and the interests of labour in the mines and factories and their organisers. The language in which the representation has been couched is clear enough. The reason for this proposal is to establish a bureaucracy in this area to escape the perils of a Provincial Ministry "drawn mostly from lawyers and landholders assisted by legislatures who have no industrial experience and who are unable to transcend narrow sectional interest."

MOVING FINGER

The prime minister has played it cool and the gambit has paid off. Nevertheless, it is a matter of recorded Indian histoiy that the Jats did take over Delhi when the decline of the Moghul power had created a vacuum in this political centre. Mr Desai is asserting that there has at no moment been a crisis in the government. He certainly has been acting as if this is true. But his own associates or allies have been far less complacent. Even the most optimistic among them have only been claiming that the crisis has blown over. In any case, the Janata intra-party relationships will never be the same again. Some great reputations, again, have been devalued once and for all. However, Mr Jagjivan Ram, as always, is a net gainer, but nobody need make a grievance of it. Babuji not only has nine lives; besides a sixth sense, he is also blessed with an 'nth' instinct.

Compared with this consummate professional, Mr Sanjiva Reddy is a clumsy amateur. Where was the need for him to declare, as he did in Kakinada the other day, that, if the situation arose, he would not hesitate to quit his office ? Are not some people saying already that the president would only be too glad 'to step down' should circumstances favour his becoming a compromise choice in the event of a vacancy at the head of the government? That Mr Reddy is not unaware of this gossip could perhaps be gathered from his appeal to the press, on his arrival in Hyderabad for his current sojourn in the south, not to involve him in party politics. It would certainly help matters should the president himself talk less often of his having been chosen unanimously by all parties for his present office. After all, the Congress opposition, in the weeks following the general election, had so much more to worry about than putting up a candidate against the Janata nominee.

In this context, the political situation in the southern states assumes considerable significance. The current efforts of the chief ministers of Karnataka, Andhra Pradesh and Tamil Nadu should significantly influence the course of national politics in the months ahead. Although Mr M.G. Ramachandran is still engaged in taking his bearings, Mr Devraj Urs is sufficiently strong already in his own bailiwick, while Mr Chenna Reddy is getting stronger day by day in his. It is only too obvious that these three southern leaders will not long remain content with thrashing out issues of regional cooperation in matters such as the management of water and power resources. Sooner or later they are bound to move in the direction of organising a countervailing centre of power south of the Vindhyas. The Tamil Nadu chief minister may desire to raise the language issue as a rallying point, but it may not cut much ice either with Mr Urs or with Mr Reddy, since Hindi is not inflammatory or even exciting politics among the people of Karnataka or Andhra Pradesh. It is therefore in the area of the more general but accommodating issues of state powers that the southern trio is likely to find the greatest scope for permutations and combinations of centre-versus-state debates.

Meanwhile, the AIADMK government in Tamil Nadu is celebrating its first anniversary in office. The chief minister's main claim to the people's gratitude or support is that he is trying to root out corruption at the political level and in the administration. High officials keep saying that the only question which the chief minister generally asks before passing orders on any file is an assurance that there is no possibility of money having passed during the processing of the case. Mr Ramachandran is in fact reported to be so suspicious of his colleagues in the ministry that he quite often chooses to shelve a file rather than run the risk of putting his signature to a decision the bona fides of which may be challenged by his political foes or others on the ground of graft. This of course slows down or even frustrates the normal and necessary functioning of the administration and thereby does nothing to enhance the chief minister's extremely modest reputation as an administrator. The question therefore is whether he is making up on the swings what he is losing on the roundabouts. There is certainly general recognition in Tamil Nadu of the drastic curtailment there has been of the scope for the men of the ruling party making a fast buck by peddling their influence in government offices, but opposition politicians—and this means not only his virulent DMK rivals—still maintain that there are AIADMK ministers whose real incomes are certainly not the same as their ostensible means of livelihood.

What with the Great Leaps Forward and the still greater leaps backward, I had always thought that the Chinese communists were the most entertaining phenomenon of kinetic energy since the dancing dervishes. Mr B. G. Verghese, writing in *The Statesman* on his recent visit to China, however assures us that the Chinese have at last taken to the prosaic exercise of "walking on two legs". In other words, Chinese planning, according to Mr Verghese, has combined "industry with agriculture and city with country to narrow the difference between worker and peasant, town and country and between manual and mental labour." I do not know what Mr Charan Singh's immediate plans are, but he should forget Gandhiji and make a trip to China. That he does not know the Chinese language need not pose problems. There is always the sign language and even otherwise it is so easy simply to believe what one is told.

VB

TRADE WINDS

Trading in Raw Jute

UNDER THE long term measures announced recently to regulate trading in raw jute the role of the Jute Corporation of India (JCI) has been substantially enlarged. The corporation will not confine itself to price support operations only, its role will extend to undertaking commercial operations also. The new measures have been designed with the twin objective of imparting stability to the price of raw jute and ensure a remunerative return to the grower.

In January this year, Mr George Fernandes, minister of Industry had announced a number of measures as a part of the short-term policy to regulate trading in raw jute. He had then indicated that as a long term policy, the role of the Jute Corporation of India would be substantially enlarged. Discussions have since been held with the representatives of the governments of jute growing states, cooperatives, kisan sabhas, RBI and SBI when various problems of jute growers were considered at length.

A plan of operations for 1978-79 season has now been drawn up by the JCI with the twin objective of imparting stability to the price of raw jute and ensuring a remunerative return to the grower. The JCI would be going in for procurement of raw jute during the 1978-79 season in a big way so that it would have a dominant position in the market. The role of the JCI will not be restricted only to price support operations as hitherto but will extend to undertaking commercial operations. However, while undertaking these operations, the JCI will take adequate care to see that its entry in the market is not exploited by middlemen and speculators by pushing up prices of the fibre to unwarranted levels.

Market Coverage

The corporation will also extend its primary market coverage to the maximum extent possible through its own infrastructure as well as with the assistance of the cooperatives. The governments of jute growing states have been requested to strengthen and expand the coverage of the cooperative sector to help the JCI in its operations. The corporation is also negotiating an agreement with the managements of the taken-over mills for supply of as large a percentage of these mills' requirements of raw jute as possible on mutually acceptable terms. Similar arrangements will be negotiated with the jute mills in the private sector also.

The corporation would also take up exports and domestic sale of jute goods on a commercial basis. However, the domestic marketing of jute goods would be undertaken without detriment to the primary objective of the corporation to ensure remunerative price to the growers. It has also been envisaged that at least 20 per cent of the total purchases would be made direct from the primary markets so that the presence of the JCI is felt in the rural areas among the farmers. This percentage would be progressively increased in subsequent years. In addition, the JCI would also be undertaking buffer stock operations to supplement its other efforts to stabilise raw jute prices.

Cement Distribution

Measures to check malpractices in the distribution of cement were discussed at a meeting of the cement producers and consumers held on July 10. The meeting was called by the minister of Industry, and the minister of Commerce, Civil Supplies and Cooperation. Apart from all the cement producers, representatives of the central and state governments attended the meeting.

In spite of the increase in production and imports, cement is still not available in adequate quantity to the consumers and the anti-social elements are indulging in malpractices. To put an end to such a situation the minister of Industry, Mr George Fernandes wrote to all the state chief ministers requesting them to intensify efforts to deal with the black-marketing in cement. He particularly suggested that the local administrations be directed to initiate more positive action against offenders. The letter says, "It would not be adequate to merely take action on the receipt of complaints, but it is necessary that the administration should take the initiative in their own hands and keep a vigilant look out for black-marketing. The laws are adequate for dealing with the situation but need to be utilised far more effectively."

Mr Fernandes has also invited suggestions from the chief ministers for suitable mechanism for control over the distribution of cement.

The central government has announced its decision to liberalise reimbursement for the movement of cement by road with a view to maximising both cement production and despatches. The liberalised rates will remain in force till the end of the current calender year when the position would be reviewed. According to an official notification issued recently, it has also been decided that all movements of cement up to a distance of 250 km would be only by road except where intermediate cement dumps are operating or movement by rail becomes necessary or desirable for operational reasons.

Freight Subsidy

It is stated that in regard to supplies of cement to all parties other than central and state governments the freight subsidy for road will be allowed on the following scale:(a) For distance up to 350 km, 100 per cent of the rail freight minus surcharge; (b) for distance beyond 350 km and up to 500 km, 125 per cent of the rail freight minus surcharge; and (c) for distance beyond 500 km, 150 per cent of the rail freight minus surcharge. However, where higher rates of road reimbursements are already in force in respect of hilly areas, the same shall continue to be in operation.

In the case of supplies to central and state governments departments the actual road freight incurred will be reimbursed subject to production of certificates by the competent authority that the road movement was by the shortest route and lowest rate were paid after inviting quotations. However

where state government have notified approved rates such rates will act as the ceiling. Liberalisation of the freight rates has been announced following the government decision to maximise cement production and despatches to various states.

Gwalior Rayons Case

The Kerala High Court recently dismissed an application field by the state for grant of leave to appeal before the Supreme Court against the judgement in the Gwalior Rayons case. In the judgement, the court had struck down the governor's ordinance taking over the management of the pulp division of the Gwalior Rayons at Mavoor, near Calicut. A division bench comprising Chief Justice V.P. Gopalan Nambiar and Justice M.P. Menon said that there was no substantial question of law on which pronouncement of the Supreme Court was required in the issue.

Gold Sale

The sixth auction for sale of gold held in government stocks was held on July 12, 1978. The gold to be sold through the auction is in bars of 100 grammes with a minimum of .995 fineness. This fineness and the weight of gold are clearly specified on each bar. Each bar also bears the stamp of the government of India mint in Bombay and the Ashoka emblem, along with the serial number, month and year of manufacture and the code letter of the mint. The genuineness, the weight and the fineness of each gold bar are thus well certified. Bids for the auction were received during business hours (from 11 am to 3 pm) on July 11 and 12. The auction were on the basis of sealed tenders from those holding licences to deal in gold under the Gold (Control) Act, 1968, as well as cooperative societies formed by goldsmiths and holding licences to deal in gold. Joint bids not more than five small dealers each of whom holds a valid licence to deal in gold were also accepted. Five certified goldsmiths could submit a joint bid for 500 grammes only subject to the limitations of holdings of standard gold under the Gold (Control) Act.

Kakinada Fertilizer Complex

The foundation stone of the Kakinada fertilizer project was laid recently by the president of India, Mr N. Sanjiva Reddy. The British government has agreed to provide £26 million (Rs 40 crores) from aid funds towards the cost of the project—the fourth fertilizer project in India which the United Kingdom has aided. The first three projects were the Indian Farmers Fertilizer Co-operative (IFFCO) plant at Kalol, Gujarat; the Southern Petro-chemical Industries Corporation (SPIC) plant at Tuticorin, Tamil Nadu; and the Mangalore Chemicals and Fertilizers plant at Mangalore, Karnataka. All three plants are now in operation, and their combined output makes a significant contribution to helping India achieve self-sufficieney in nitrogenous fertilizer production and meet the fast-growing requirements of the agricultural sector.

Speaking at the function, the British High Commissioner, Sir John Thomson, described the Kakinada project as "one of the fruits of Indo-British collaboration", and said; "I

hope that as this complex gradually takes shape it will be to the people of this state a token of the importance we attach to our connection with India and her development".

Output Beyond Licensed Capacity

The government's recent decision that the facility of increasing production upto 25 per cent over the licensed capacity will not be available to industrial undertakings in respect of manufacture of items reserved for small-scale sector will have only prospective effect and not any retrospective effect. Accordingly, the existing licensed undertakings which have already availed of the facility of additional production upto 25 per cent of the licensed capacity subject to certain conditions and without having to obtain a separate licence are not required to bring down the production.

Simplification of Tax Laws

The government proposes to give due consideration to the various suggestions to simplify the tax laws. This assurance was given by Mr H.M. Patel, Finance minister to the Central Direct Taxes Advisory Committee which met recently under his chairmanship. The committee discussed some of the important recommendations of the Direct Tax Laws Committee (Chokshi Committee) in their interim report. These recommendations, inter alia, related to the provisions in respect of charitable trusts, depreciation allowance, taxation of casual incomes, registration of firms, assessment procedures, advance ruling by the Central Board of Direct Taxes and rules for valuation of house properties.

The Central Direct Taxes Advisory Committee was constituted by the government of India in August 1961 to advise the government on measures for promoting understanding and cooperation between the taxpayers and the Income-tax department and removing administrative and procedural difficulties of a general nature. The Finance minister is the chairman and the minister of state for Direct Taxes is vice-chairman of the committee. The reconstituted committee has 17 members—four members of parliament, two ex-officio members (presidents of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce and Industry of India), eight non-official members and three official members.

World Bank Credit for Railways

The Indian Railway delegation, which had gone to Washington, returned recently after successful completion of negotiations with the International Development Association (World Bank) for a credit of US $190 million for the Indian Railway modernisation and maintenace project. The delegation was led by Mr K.S. Rajan, chairman, Railway Board. The credit would be utilised over a period of five years mainly for the implementation of the workshop modernisation project and the setting up of a wheel and axle plant at Bangalore, for which US $95 and US $38 million respectively have been provided. The credit also provides US $1 million for the establishment of product improvement facilities at the research, designs and standards organisation, US $9 million for provision and testing of thyristor control equipment for AC electric locomotives and another US $2 million for technical advisory services and training. Provision of US $30 million has also been made for import of unit exchange components for maintenance of existing locomotives. Besides US $15 million have been earmarked for import of wheels and axles for a period of two years.

Under the workshop modernisation project, five major units, the Chittaranjan Locomotive Works and the workshops at Kanchrapara, Kharagpur, Matunga and Parel, would be taken up for major improvements. In the remaining railway workshops, old and outmoded plant and machinery would be replaced, so as to improve the efficiency and economy in maintenance of rolling stock. The wheel and axle plant, Bangalore, would adopt latest technology for the production of wheels and axles required for railway rolling stock and after commissioning of this plant, the import of wheels and axles would be practically eliminated. Under the scheme for product improvement facilities at RDSO, it is proposed to set up a sophisticated laboratory with design and testing facilities for improving the performance of diesel engines of existing locomotives, so as to make them suitable for meeting the specific operating needs of the future.

Dollar Rates Revised

The US dollar has become cheaper by ten paise in terms of Indian currency. The Reserve Bank has revised the rates for buying and selling US dollar currency notes by banks and money changers from tourists and public with effect from July 5. The new rates are buying Rs 8 and selling Rs 8.40 for one US dollar as against the previous rates of Rs 8.10 and Rs 8.50 respectively.

Hindalco to Survey UP Districts

Minister of state for Industries, Mr Rewati Raman Singh stated recently that the Hindnstan Aluminium Corporation (Hindalco) had been asked by the state government to conduct an engineering-cum-industrial potential survey of Azamgarh, Deoria, Gonda and Allahabad districts and to recommend which type of heavy industries could be set up in these areas. The survey is to begin on July 17 next and the survey report is to be submitted to the government within two months. The survey will start with Azamgarh district, and its entire cost will be borne by Hindalco.

MRTP Commission

The MRTP Commission struck down a restrictive clause in an agreement entered into between Sarabhai M. Chemicals Pvt Ltd, Baroda and E. Merck AG, West Germany preventing totally the flow of further know-how into the country subsequent to the date of the termination, in 1969, of the earlier agreements between the two companies entered into in 1968. The know-how concerned a wide range of chemical and pharmaceutical pro-

ducts, including vitamin C and sorbitol; the former had to be imported in sizeable quantities in India even after 1969. The German company had been prevented under the agreements of 1958 from manufacturing the above products which were listed, directly or indirectly, for a period of 20 years or more.

While discussing the legal aspects, the commission referred to certain decisions of the European Commission and compared and contrasted the Indian scene with the USA and the EEC. The commission also referred to the MRTP Act exempting from its operation orders concerning patents and the Indian Patent Act itself not enabling any rights to the patentee beyond either 7 or 14 years at the highest. The commission pointed out that what was called a sale of know-how was in this case only a sale by way of "metaphor", the restrictive clause which prevented completely the further flow of know-how to India, not even to the Indian company was declared void by the commission,

Panel on Sugar

A cabinet sub-committee has been appointed for evolving a new sugar policy. The formulation of the policy has become imperative because, it is felt that the present dual pricing system will not be adequate to deal with the problem of surfeit of sugar production expected to touch an all time high of 6.5 to 6.6 million tonnes this year as against 4.5 million tonnes during the last year. Members of the committee are Defence minister Mr Jagjivan Ram, Agriculture minister, Mr S. S. Barnala, Finance minister, Mr H.M. Patel, Steel minister, Mr Biju Patnaik, Petroleum and Chemical minister, Mr H. N. Bahuguna and Law minister, Mr Shanti Bhushan.

The comprehensive terms of reference of the cabinet committee will cover, among other things, the question of continuance or otherwise of the present policy of partial decontrol of sugar, minimum sugarcane prices for the 1978-79 season.

PEC Exports

In view of the sharp increase in export orders, the Projects and Equipment Corporation (PEC) has set an ambitious export target of Rs 51 crores for the current financial year. This represents an increase of about 48 per cent over the performance in 1977-78 when export earnings amounted to Rs 34.8 crores. Export orders so far bagged by the corporation are valued at Rs 70 crores. This is in sharp contrast to the previous year when during the same period the PEC had export orders on hand worth only Rs 32 crores. Of the total export orders worth Rs 70 crores, export of rolling stock accounts for nearly Rs 40 crores. The remaining amount of Rs 30 crores represents export of a wide range of engineering products.

Major increase has been planned for export of automotive accessories, bicycle and components, hand tools, building materials and rolling stocks, with special emphasis on exports to African, West Asian and South East Asian markets. Besides, the corporation is concentrating on tenders for projects on turn-key basis for transmission systems, cold storages, mining equipment, buildings, cement plant and contruction projects and as subconstractor for third country projects. In fact, considerable work has already been done in the field,

With a view to promoting the export of certain products from the small-scale sector, the corporation has created a separate division headed by chief marketing manager.

Names in the News

Mr A.B. Godrej has been elected Chairman of the Oils and Seeds Importers Association of India (OSIA) for a two year term. He is the Chairman of the Indian Vegetable Oil Export Association.

Mr Anandi Lal Roongta has taken over as Managing Director of Rajasthan Financial Corporation. Mr Roongta was a member of the Revenue Board.

Mr Raj Kumar Bhargava, IAS was recently elected to the board of Oil India Ltd at its annual general meeting held in Duliajan, field headquarters of the company. He is also due to take over shortly as Joint Secretary, (Exploration), in the ministry of Petroleum, Chemicals and Fertilisers.

Mr R. K. Bhargava

Mr Bhargava was Additional Director Industries and Managing director, UP Industries Corporation, Lucknow, (June 1969 to May 1972); Special Secretary, Finance and Director Institutional Finance, UP government, (May 1972 to January 1976); Commissioner and Secretary, Industries department, UP government, Lucknow (November 1975 to September 1977) and Chairman and Managing Director, Auto Tractors Ltd, Lucknow and also Director General, Bureau of State Enterprises, UP (September 1977 to April 1978).

Mr A.K. Dutt, IAS, managing director of West Bengal Industrial Development Corporation Ltd (WBIDC) has taken over as Chairman-cum-Managing Director of the corporation with effect from July 1, 1978.

Mr A. K. Dutt

Mr A.B. Jarivala has been appointed Chairman of the Gujarat Mineral Development Corporation.

At a meeting of the board of directors held on June 30, 1978, Mr **N.M. Desai**, president and Chief Executive of the company, was elected Chairman of the board in succession to Mr H. Holck-Larsen. Mr N.M. Desai has been associated with the company since 1946.

COMPANY AFFAIRS

TELCO

BESIDES MAINTAINING the equity dividend for the year ended March 1978 at 15 per cent the directors of the Tata Engineering and Locomotive Company have proposed the issue of bonus shares in the ratio of two new shares for every five shares held and have declared their intention to maintain the dividend for the current year on the enlarged capital resulting from the proposed bonus issue.

According to the preliminary statement, sales during 1977-78 amounted to Rs 281.05 crores against Rs 282.50 crores in the previous year. With the other income of Rs 4.24 crores against Rs 3.23 crores, total income was Rs 285.29 crores against Rs 285.73 crores. The company has earned a slighty lower gross profit of Rs 21.45 crores against Rs 22.01 crores. After providing Rs 11.01 crores (Rs 11.45 crores) for depreciation, Rs 2.70 crores (Rs 5.42 crores) for investment allowance reserve, the net profit amounts to Rs 7.74 crores (Rs 5.14 crores). There is no tax liability as in the previous year. After adjustments, the disposable surplus amounts to Rs 10.95 crores (Rs 7.89 crores).

Dividends on preference shares (including on those redeemed in October 1977) will absorb Rs 30 lakhs (Rs 21 lakhs) and equity dividends Rs 2.83 crores (same). General reserve gets Rs 7.62 crores (Rs 1.25 crores). Of the proposed dividend, 15.22 per cent will be tax-free in the hands of shareholders. Production of commercial vehicles was lower at 23,317 units in 1977-78 against 26,107 units in 1976-77 mainly due to the continuous power famine at Jamshedpur. However, the company could maintain profits due to the increase in the turnover of the excavator division from Rs 12.31 crores to Rs 15.78 crores. Exports were higher at Rs 37.28 crores against Rs 23.42 crores.

South India Viscose

Mr R. Venkataswamy Naidu, chairman, South India Viscose Limited indicated at the annual general meeting held recently that the company was producing pulp, rayon and staple fibre and was supplying to various small scale and cottage industries while there were many small scale industries supplying many consumable and maintenance items to the company. Even in the industrially developed western countries and Japan, he added, both big and small scale industries flourish side by side. It was, therefore, his opinion that all the industries either big, small or cottage which were complementary to each other were essential for our country, for a balanced growth and employment.

Mr Naidu revealed that the third and final phase of the pulp plant expansion of the company would be ready very soon and it would be achieving the doubling of the production capacity of the pulp plant within a record time. The pulp plant was stopped during this year for nearly two months to synchronise with the completion and commissioning of the third and final stage of the pulp plant expansion.

Effluent Treatment

The company has been paying a close attention to the effluent treatment plant in the factory. In pulp plant expansion, an additional liquor evaporation plant has been introduced to tackle the effluent problem. In addition, the company, with the help of M/s Environmental Engineering Consultants of Bombay has studied the expansion of existing treatement plant and it was going ahead with the construction of a plant at a capital cost of Rs 1.5 crores. The estimated annual running cost being Rs 1 crore.

Mr Naidu pointed out that the textile mills in the south were the promoters of this industry for the purpose of production of rayon yarn and staple fibre so as to supplement their raw material supply of cotton. Since the company was dependent for the production of rayon and staple fibre on the imported pulp, it had to diversify its unit to include the production of wood pulp based on the wood available in hill areas, such as Ooty and Kodaikanal. As the company has progressed with the pulp plant, it also expanded production capacity of staple fibre. Now with the expansion of the pulp plant reaching the full capacity, it has reached a stage where the miximum possible resources out of the woods available in the hills areas would be utillsed for the manufacture of wood pulp.

Nearing completition of the pulp plant expansion, the company was going ahead with the starting of a 20 ton polynosic staple fibre plant costing around Rs 15 crores. Polynosic staple fibre would supplement to a great extent the long staple cotton now being imported by the textile mills. The company expected that this project would be completed by 1980.

Calico

The Ahmedabad Manufacturing and Calico Printing Company has maintained the equity dividend for the year ended March 1978 at Rs 16 per share, despite a setback in its working, mainly in the polyester fibre division as a result of the government's policy to permit freely imports of the fibre and the consequent sharp decline in the prices of domestic fibre. The dividend is not fully covered by the year's earnings. According to the preliminary statement, while the turnover has risen by 13 per cent from Rs 102.67 crores in 1976-77 to Rs 116.28 crores in 1977-78, the gross profit came down by 26 per cent from Rs 6.43 crores to Rs 4.03 crores. After providing Rs 3.19 crores for depreciation and making some adjustments, the disposable surplus is Rs 4.28 crores. Equity and preference dividends will absorb Rs 1.12 crores, leaving a sum of Rs 3.16 crores to be carried forward against Rs 3.92 crores brought in. A substantial part of the dividend will be tax-free in the hands of shareholders.

Exports of the company and its subsidiaries amounted to Rs 9.87 crores. Capital expenditure during the year was Rs 1.55 crores. The company's application to the IDBI

for a soft loan of Rs 12.76 crores in two phases for renovating and modernising the plant and machinery of its textile division is awaiting approval. In the chemicals and plastic division, the trichloroethylene plant is being expanded and equipment for the polyvinyl pyrolidone plant is on order. A letter of intent from the government to double the polyester fibre capacity has been obtained, for which global offers are under consideration.

Jay Engineering

Jay Engineering Works has reported improved results for the year ended March, 1978. Sales have increased from Rs 28.78 crores in 1976-77 to Rs 35.78 crores in 1977-78 and the gross profit from Rs 93.93 lakhs to Rs 122.71 lakhs After providing Rs 49.23 lakhs for depreciation Rs 70,000 for invesment allowance reserve and Rs 31 lakhs for taxation, there is a disposable surplus of Rs 41.78 lakhs against Rs 44.62 lakhs in the previous year. Equity and preference dividends will absorb Rs 28.69 lakhs and the balance of Rs 13.09 lakhs has been transferred to general reserve.

Khanna Watches

Khanna Watches is setting up a Rs 1.80 crore factory at Parwanoo, a backward area in Himachal Pradesh, for the production of one million stainless steel watch cases per annum. The technical know-how has been provided by a renowned French manufacturer of watch cases, who is also supplying the major portion of plant and machinery. The plant is scheduled to go on stream by August-end. The company has entered into an arrangement with Hindustan Machine Tools for the supply of five lakh watch cases per annum. The foreign collaborator has also agreed to purchase 120,000 pieces. The balance production would be marketed in India and abroad. The capital outlay of Rs 1.80 crores is to be financed by share capital of Rs 32.50 lakhs, term loans of Rs 80.68 lakhs, deferred payment for land of Rs 1.87 lakhs and central cash subsidy of Rs 15 lakhs. Of the capital of Rs 32.50 lakhs in equity shares of Rs 10 each worth Rs 19.50 lakhs are to be offered to the public shortly and the balance of Rs 13 lakhs will be taken up by the promoter, Mr Ashok Khanna and his associates.

United Industrial Bank

Mr J. N. Biswas, chairman, United Industrial Bank Ltd informed the shareholders at the annual general meeting held recently that the bank had a successful year of operation in 1977. The gross income of the bank increased by Rs 87 lakhs during the year, from Rs 300 lakhs to Rs 387 lakhs and there was a profit of Rs 22.68 lakhs. This has encouraged the bank to propose a dividend at the rate of 7½ per cent per annum, subject to tax, which is highest in the history of the bank. The Reserve Bank of India had accorded its approval in the matter. Mr Biswas hoped that in the coming years the bank would be able to improve its earnings still further.

During the last few years the bank has been maintaining a growth rate of about 30 per cent in deposits, which has been much higher than the average achieved by other scheduled commereial banks. Last year the total deposits of the bank (excluding inter-bank deposits) increased by Rs 10.63 crores from Rs 35.23 crores to Rs 45.86 crores. The rate of growth worked out to 30.2 per cent compared to 17.7 per cent achieved by all scheduled commercial banks.

In advances portfolio also there has been a shift in emphasis from bigger to smaller borrowers, which has been reflected in the rapid rise in its lending to the neglected and priority sectors. The bank has simultaneously been able to improve the quality of its advances. Its total advacces increased by 45 per cent in 1977 to stand at Rs 28.38 crores at the end of the year. The

credit-deposit ratio has also improved over the past few years, and at present stands at 66.01 per cent. The number of its branches increased three-fold during the last three years, from 27 to 81. As many as 52 of its existing branches are located in rural and semi-urban areas of the eastern region, particularly in West Bengal.

The bank proposed to continue to lay emphasis on the coverage of the unbanked centres in the eastern region in its future branch expansion programme. It has also opened branches in major cities and state capitals such as Bombay, Delhi, Kanpur, Gauhati and Ranchi to facilitate better customer service and maintain proper banking liaison with the other parts of the country, specially the important financial centres. These centres would also provide the base for its future expansion in different states.

Unit Trust of India

The Unit Trust of India has maintained the dividend at nine per cent on units for the year ended June 30, 1978. The dividend was raised to this level for 1976-77 from 8.75 per cent paid for 1975-76. The Trust has been able to maintain the rate of nine per cent of income distribution despite the record increase of about Rs 60 crores in its unit capital to Rs 243.5 crores. The Trust's total income increased sharply to Rs 25.97 crores from Rs 19.60 crores in the previous year. Its sales of units totalled Rs 70.91 crores in 1977-78 against the target of Rs 50 crores and Rs 33.5 crores in the previous year.

It hopes to sell units worth over Rs 100 crores this year in view of favourable conditions. Its sales during July, when sales are made at a special price, are expected to be around Rs 45 crores against Rs 27 crores in July 1977. Sales of units during the first few days of the current month have been placed higher at Rs 1.64 crores against Rs 41 lakhs during the comparable period of last year.

Mr G.S. Patel, chairman of the UTI, announcing the dividend told newsmen that the investment psychology has now improved. The sale price of units for the entire month of July is Rs 11.25 per unit. Repurchases of these units are suspended throughout this month.

Gajra Bevel Gears

Gajra Bevel Gears is entered the capital market on July 10 with a public issue of 1,050,000 equity shares of Rs 10 each. It has already begun trial production on the basis of a part of the imported and indigenous plant and the balance of the machinery and equipment is expected shortly. The company is setting up at Dewas a plant for the manufacture of ring gears and pinions and differential gears and kits at the rate of 946 tonnes a year. The project will involve a total capital expenditure of Rs 4.80 crores which will be met from the equity capital of Rs 1.75 crores and term loans of Rs 3.06 crores from financial institutions. Promoted by Gajra Gears Private Limited, the company will take over a running concern, S and H Gears Private Ltd which has been manufacturing ring gears and pinions for light vehicles, its annual production capacity being 24,000 sets. Its turnover for 1977 was Rs 48.50 lakhs and the gross profit Rs 6.43 lakhs. It has on hand orders worth rupees one crore for the current year. Its conversion into a wholly-owned subsidiary of Gajra Bevel Gears will benefit the latter as the products of S and H are supplementary to those to be manufactured by Gajra Bevel Gears.

Corporation Bank

Corporation Bank Ltd won a national award for outstanding performance in providing export credit and export guarantee. A certificate of merit was received recently by Mr N.N. Pai, chairman of the bank from the president of India.

From a mere Rs 50.30 crores in 1973, the deposits of the bank jumped to Rs 145.23 crores by the end of 1977. Total advances have increased from Rs 34.88 crores in 1973 to Rs 76.70 crores by the end of 1977. In 1976 not only did the bank celebrate its Platinum Jubliee but also crossed the Rs 100 crores milestone in its deposits.

In the period from 1973 to 1977, Corporation Bank has also seen rapid growth by way of setting up branches in ten states and two union territories. The total number of branches almost doubled during this period from 144 to 275. A record number of 60 branches was opened during 1977 alone. The bank is also deeply involved in encouraging self-employment schemes, small scale and village industries and other priority sectors.

To diversify its activities the bank set up a foreign exchange department in 1973. Central foreign exchange department of the bank is capable of handling all types and magnitudes of foreign exchange transactions. With foreign correspondents all over the world the bank offers all kinds of facilities and assistance to exporters, importers including a special advisory service and expert counsel on forward contracts etc and a Diamond Cell to help diamond exporters. At present its branches at Mangalore, Rajkot, Goa, Cochin, Calcutta and Delhi are directly dealing in foreign exchange with special cells staffed by well trained personnel.

Blundell Eomite

Mr. B.D. Garware, chairman of Blundell Eomite told shareholders at the extraordinary general meeting recently that sales during the year ended June 1978 had recorded a good increase over the previous year. The profitability will be reasonably satisfactory despite various problems the paint industry was facing last year, such as cost escalation, stagnation in demand, rise in excise duty on paints and shortage of basic raw materials. The sales target for 1977-78 was fixed at Rs 12 crores. Actual sales are expected to around this level. Since the Garwares took over the management of the company three years ago, they have made determined efforts to increase the investment in the eompany, during the last three years, additions to assets have been Rs 87.97 lakhs against Rs 29.66 lakhs for the previous seven years. Assets of Rs 60.67 lakhs added and commissioned in 1976-77 were the highest in the company's history for a single year. A strong base has thus

been laid for the company's future growth. The company hopes to take full advantage of the pick-up in demand for paints in recent months. It plans to purchase some very new and sophisticated types of paint manufacturing machinery from Europe. It is also at an advanced stage of making a decision on diversification and is considering various alternatives. Collaboration agreements with some companies in Europe and the USA are being discussed for the purpose. The company's name is being changed to Garware Paints Ltd.

Indian Card Clothing

The foreign equity in the Indian Card Clothing Company is being diluted from 100 per cent to 74 per cent by offer of sale of 563,472 equity shares of Rs 10 each at a premium of Rs 8.50 per share by the two existing shareholders —The English Card Clothing Company Ltd and Carclo Engineering Group Ltd, UK out of the existing issued and paid up capital of 2,167,200 shares of Rs 10 each. Of these 75,0(0 shares have been reserved for offer to the LIC, UTI, GIC and its subsidiaries and 28,000 shares for the employees including Indian national directors with a maximum of 200 shares per person. The balance 460,472 shares will be offered to the public. A sum of Rs 10 per share is payable on application and Rs 8.50 on allotment.

Currently, the English Card Clothing Company Ltd holds 77.5 per cent of the company's capital and Carclo Engineering Group Ltd 22.5 per cent. It has a sophisticated plant at Pimpri near Pune and its manufacturing operations are divided into flexible and metallic sections. The present production capacity is to manufacture 6,000 sets of flexible and metallic card clothing, which is a component of carding machines used in textile mills for processing all types of fibres.

During the year ended March 1978, its turnover was Rs 5.80 crores, which yielded a pre-tax profit of Rs 2.51 crores and net profit of Rs 84.69 lakhs. For 1976.77, the turnover was Rs 5.40 crores, the pre-tax profit Rs 2.13 crores and the net profit Rs 75.54 lakhs. An equity dividend of 18.5 per cent was declared. The new shares will rank for the dividend that may be declared for the year ended March, 1978.

Britannia & Arthur to be Nationalised

The government has decided to nationalise Britannia Engineering Company Limited and Arthur Butler and Company Limited, two of the country's oldest engineering firms. They will be merged in a new company to be known as the Bharat Wagon and Engineering Company Limited. A bill for this purpose is expected to be introduced during the coming monsoon session of Parliament.

Both the firms were taken over by the government in February 1974 and December 1973 respectively after these units were closed down by their erstwhile managements. The units were reopened on February 22 and August 10, 19 4 respectively, in view of the number of people employed and the relevance of their product-mix to the economy.

After the management was taken over by the government, the production out-turn of both units has registered significant increases, and steps have been taken to diversity their product-mix in order to make them viable.

The government has now, decided to acquire the undertakings of these units through nationalisation by an act of Parliament and incorporate a new company.

Licences and Letters of Intent

THE FOLLOWING licences and letters of intent were issued under the Industrial (Development and Regulation) Act 1951 during the month of May, 1978. The list contains the names and addresses of the licensees, articles of manufacture, type of licences—New Undertaking (NU), New Articles (NA), Substantial Expansion (SE), Carry on Business (COB), Shifting—and Annual Installed Capacity. Details regarding licences and letters of intent revoked, cancelled or surrendered are also given.

Licences Issued

Metallurgical Industries (Ferrous)

M/s. Trinity Forge Pvt Ltd, Padma Kunj, 65, Shivaji Coop. Housing Society, Pune-411016. (Ahmednagar-Maharashtra)—Closed Die Steel Forgings—1,500 tonnes—(NU)

Electrical Equipment

M/s. Bharat Electronics Ltd, 'Trade Centre', 29, Race Course Road, Bangalore-560001. (Bangalore-Karnataka)—Crystals—2.30 lakh Nos. Crystals accessories viz, filters, temperature ovens, TCX etc.—0.20 lakh Nos—(COB)

M/s. Bharat Electronics Ltd, 'Trade Centre', 29, Race Course Road, Bangalore-560001 (Bangalore-Karnataka)—Microwave Tubes—300 Nos—(COB)

Industrial Machinery

M/s. Stovec Screens India Ltd, 43, Dr. V.B. Gandhi Marg, Fort, Bombay-400023. (Ahmedabad-Gujarat)—Nickel Perforated Rotary Screens for Rotary Screen Printing Plant—60,000 meters (Addl.)—1,00,000 meters (After expn.)—(SE)

M/s. Metal Box Co of India Ltd, Barlow House, 59-C, Chowringhee Road, Calcutta-700020—(Kharagpur-W.B.)—Ball Bearings—56,00,000 Nos Cylindrical Roller Bearings—12,00,000 Tapered Roller Bearings—12,00,000 Nos—(NA)

Mechanical and Engineering Industries

M/s. Aavaran Ltd, Alembic Road, Baroda-390002—(Baroda-Gujarat)—Plastic Blow Moulded Containers—12 tonnes—(COB)

Industrial Instruments

M/s. Danfoss (India) Ltd, 706-707, Surya Kiran, 19, Kasturba Gandhi Marg, New Delhi-110001—(Ghaziabad U.P.)—Metallic Bellows—3,00,000 Nos—(NA)

Chemicals Other than Fertilizers

M/s. Fenner (India) Ltd, P.O. Box 117, Madurai-625001—(Madurai-Tamil Nadu)—Synthetic Cots and Aprons—1,32,000 meters (existing)—2,64,000 metets (after expn.)—(SE)

M/s. Bihar Oxygen Co, C/o. Bharatpur Industries, Canal Road, Kosi Kalan, Distt. Mathura (UP)—(Palamau-Bihar)—Oxygen Gas—1.0 MCM Nitrogen Gas—0.50 MCM. (NU).

M/s. Bokaro Steel Ltd, Jeewan Vihar, Parliament Street, New Delhi-110001—(Dhanbad-Bihar)—Sulphuric Acid—84,000 tonnes (for captive use)—(NA)

M/s. South India Carbonic Gas Industries Ltd, 'Dhun Bldg', 175/1, Mount Road, Madras-600002—(Chingleput-Tamil Nadu)—Carbondioxide gas—1,650 tonnes—(SE)

Drugs and Pharmaceuticals

M/s. Mac Laboratories Pvt Ltd, Great Social Bldg., 60. Sir Pherozeshah Mehta Road, Bombay-400001—(Bombay-Maharashtra)—Bulk Drug—Clonidine Hcl—5kgs. Formulations : 1 Clonidine Hcl 2. Clonidine Hcl and Clorothalidone—Corresponding to 70 per cent production of bulk drug—(NA)

Textiles

M/s. Kareem-Cascami Ltd, 82, Benson Road Cross, Benson Town, Bangalore-560046 (Mysore-Karnataka)—Silk tops—1.50 lakh kgs—(NU).

Pulp and Paper Products

M/s. Tamilnad Cardboards and Paper Mills Ltd, 3, Cathedral Road, Madras-600086—(Coimbatore-Tamil Nadu)—Spciality Paper—3,500 tonnes—(SE)

Sugar

M/s. West Bengal Sugar Industries Dev. Corp Ltd, (A govt. of West Bengal undertaking), 13, Lindsay Street, 5th Floor, Calcutta-700016—(Birbhum-West Bengal)—Sugar—650 TGD (additional) in terms of sugarcane per day—1250 TCD (after expansion) in terms of sugarcane per day—(SE)

M/s. Sanjivani (Takli) Sahakari Sakhar Karkhans Ltd, Sahajanandnagar, Post Shingnapur Taluka Kepargaon, Dist. Ahmednagar Maharashtra State—(Ahmednagar-Maharashtra)—Sugar—1100 TCD in terms of sugarcane crushing capacity per day (additional)—2100 TCD in terms of sugarcane crushing capacity per day (after expn.)—(SE)

M/s. The Jiwajirao Sugar Co Ltd, Dalauda, Distt. Mandsaur (MP)—(Mandsaur-MP)—Sugar—700 TCD in terms of daily sugarcane crushing capacity (additional)—1250 TDC in terms of daily sugarcane crushing capacity (after expasion)—(SE)

M/s. Shree Datta Shetkari Sahakari Sakhar Karkhana Ltd, Shirol at and Post Shirol, Taluka-Shirol. Disst. Kolhapur (Maharashtra) (Kolhapur-Maharashtra)—White Crystal Sugar, —750 TCD in terms of daily sugarcane crushing capacity (Additional)—2000 TCD in terms of daily sugarcane crushing capacity (After expansion)—(SE)

M/s. The Kishan Co-operative Sugar Factory Ltd, Sarsawa, Disst. Saharanpur (U.P.) (Saharanpur-UP)—Sugar—300 TCD in terms of daily sugarcane crushing capacity (Additional)—1500, TCD in terms of daily sugarcane crushing capacity (After expansion)—(SE)

M/s. UP State Sugar Corporation Ltd, Unit Khadda Disst. Deoria (U P) (Deoria-UP)—White Crystal Sugar—477 TCD in terms of daily sugarcane crushing capacity (Additional) —1250 TCD in terms of daily sugarcane crushing capacity (After expansion)—(S E)

M/s. The UP State Sugar Corporation Ltd., Unit: Pipraich, Dist. Gorakhpur (UP) (Gorakhpur—U.P.)—Sugar—450 TCD in terms of daily sugarcane crushing capacity (Additional). —1250 TCD in terms of daily sugarcane crushing capacity (after expansion)—(S.E.)

Food Processing Industries

M/s Andhra Pradesh Dairy Development Corporation Ltd., Lalapet, Hyderabad-500789. (Cuddapah—A.P.)—Skimmed/whole milk powder—2,500 tonnes—Infant and weaning foods—1,500 tonnes.—Malted Milk Food 1,200 tonnes.—Condensed. milk (sweetened) 1200 tonnes.—Table butter 1,500 tonnes —Ghee—1,000 tonnes.—(NU)

Vegetable Oils & Vanaspathi

M/s. Kothari Oil Products Company, Kothari Kunj, Ashapura Road, Rajkot (Gujarat) (Gondal-Gujarat)—Cottonseed Oil—15,000 tonnes in terms of seed.—(NA)

Soaps, Cosmetics and Toilet Preparations

M/s Geoffrey Manners & Co. Ltd., Magnet House, Narottam Morarjee Marg, Ballard Estate, Bombay—400038. (Nasik-Maharashtra)—Hair removing preparations/creams—46.250 litres. Hair Dye—2,475 litres. (COB)

Leather and Leather Goods

M/s BASF India Ltd., Maybaker House, Sudam Kalu Ahire Marg, Bombay-400025—(Thana-Maharashtra)—Fat Liquors for Leather Industry—700 tonnes (Andl.)—100 tonnes (After expn.) Binders for Leather Industry—185 tonnes (Additional) 300 tonnes (After expansion).—(SE)

M/s Zubaida Tanning Industries, 15, Kumarappa Chetty Street, Periamet, Madras-600003. (Ambur-Tamil Nadu)—E.I. Tanned Sheep Skins—4,60,000 Nos.—Finished Leather (by conversion of own production of E.I. Tanned sheep skins)—2,00,000 Nos (COB)

Letters of Intent

Metallurgical Industries (Ferrous)

Mr Amrit Rai, C/o Havell's Industries, 1826, Bhagirath Palace, Delhi-110006. (Mohindergarh-Haryana)—Stainless Steel Capillary Tubes (excluding hypodermic needles)—30 tonnes—(NU)

Mr A.K. Boopathy, Teleforge Pvt. Ltd., 13 D, Venkatanarayana Road, T. Nagar, Madras-600017 (Chingleput-Tamil Nadu)-Forged flanges in standard sizes required by Chemical, Fertilizers and Petrochemical Industries—Forged pipe fittings viz. tees, elbows and union etc. required in process industries.—Valve components viz.. forged valve bodies and valve bonnets. —Forged Auto Spares viz. crankshafts, pedallings, levers, connecting rods etc.—Forged hammers, cover plates, locomotive components etc.—Total capacity 600 TPA—(NU)

Mr Bhagwandas Trikamdas Doshi, 220, Samuel Street, Bombay-400008 (Maharashtra)—Investment Castings (Steel and High Alloy Steel, Cast Iron and Alloy Cast Iron and non-ferrous) by lost wax process—50 tonnes—(NU)

Electrical Equipment

Mr K. P. Gopinath, Krishna Vilas, Thaicad, Trivandrum-695014.—(Sirmur—HP)—Electric/electronic cash registers—5000 Nos—(NU)

M/s U.P. Electronics Corporation Ltd, 4, Prag Narain Road, Lucknow-226001. (Lucknow—U.P,)—Remote Data Telemetry/ Logging systems—15 nos systems—Key to disc data entry systems—75 Nos—Intelligent terminal data entry system—150 Nos—(NA)

M/s British Physical Laboratories India (P) Ltd, Mahatma Gandhi Road, Bangalore-560001 (Palghat-Kerala)—Electrocardiographs (both mains and battery operated)—6000 Nos (Additional)—100 Nos. (After expansion)—(SE)

M/s Metal Lamp Camps (India) Ltd., 2, Murphy Road, Post Bag No. 876, Ulsoor, Bangalore-550008 (Bangalore-Karnataka)—Component wire (including Dumet wire not exceeding 24 MT)—50 tonnes—(NA)

Mr Suresh B. Dhoshi, 199-B, Gujarat Society, Sion Road, Bombay-400022—(Surendra Nagar-Gujarat)—Magnetic tapes for digital cassettes—200 MRM, 35 mm Sprocketed Magnetic film—4 MRM, Magnetic Strippings for films—20 MRM, Audio Magnetic tape—40 MRM—(NU)

M/s Punjab State Electronics Development & Prodn Corpn Ltd, Bank of India Bldg, 2nd Floor, Bank Square, Sector 17, Chandigarh (Punjab), (Rupnagar-Punjab)—DC micro motors—2 lakh Nos—(NU)

M/s Kalpana Industries, A-4/D. Indl Estate, Indore(M P), (Indore-MP)—Tungsten Filaments—124 million Nos (Additional) —150 million Nos (After expansion), Lead-in-wire—145 million Nos (Additional)—200 million Nos (After expansion)—(SE)

M/s Kalpana Industries, A-4/D Indl Estate Indore (MP), (Dewas-MP)—Dumet Wire—20 tonnes, Tungsten Wire—5 tonnes, Molybdenum Wire—5 tonnes—(NA)

M/s Industrial & Agricultural Engg Co (Bombay) Ltd, 196, Lal Bahadur Shastri Marg, Bhandup, Bombay-400078, (Ahmednagar-Maharashtra)—Plate type heat exchangers—24 tonnes—(NA)

Transportation

M/s Aurangabad Steel Industries (P) Ltd, 213, Sant Tukaram Road, Bombay-400009 (Maharashtra)—Marine Freight Containers—6,000 Nos—(NU)

M/s Pearey Lal & Sons (EP) Ltd, 21-A, Janpath, New Delhi, (Sahibabad-UP)—Bumar-Aydros R-081 Hydraulic Fast Travel Recovery/Truck Crane—capacity 5/6 tonnes; Bumar-Hydros-T-101, Hydraulic Fast Travel Recovery/Truck Crane—capacity 10 tonnes; Bumar-Hydros T-161 Hydraulic Fast Travel Recovery Truck Crane—capacity 16 tonnes—Capacity would be determined by government after three years from the commencement of production of these cranes—(NU)

M/s Usha Telehoist Ltd, 410 "Meghdoot", 93 Nehru Place, New Delhi-110024, (24-Parganas-WB)—Hydraulic Cylinders for earthmoving equipment—2,000 Nos—(NA)

M/s Hyderabad Allwyn Metal Works Ltd, Sanatnagar, Hyderabad-500018, (Andhra Pradesh)—Intergal Buses (excluding engines and transmission system)—2,000 Nos—(NA)

M/s Atlas Cycle Industries Ltd, Post Box No 20, Sonepat-131001 (Haryana), (Sonepat-Haryana)—Complete Bicycles—3 lakh Nos (Addl)—10 lakh Nos (After Expn)—(SE)

Mr M.P. Ghose, 218, A-Block, Lake Town, Calcutta-700055 (Midnapore-WB)—Freight Containers—5,000 Nos—(NU)

M/s Accurate Ancillary Products (P) Ltd, B-26, Pamposh Enclave, Greater Kailash Pt I, New Delhi-110048 (Alwar-Rajasthan)—Clutch Facings: Woven/wound facings with and without metallic wire; Moulded & Moulded Metallic Facings—20,00,000 Nos, Bonderisation of steel discs—2,00,000 Nos, Clutch components and kits—2,00,000 Nos, Steel Discs with and without facings/segments of different materials including sintered material for Discs—3,00 000 Nos; Steel/spring Steel Discs (including diaphragms discs and Discs for Electro magnetic clutches and equipments—5,00,000 Nos—(NU)

Industrial Machinery

M/s Lakshmi Card Clothing Mfg Co (P) Ltd, Kuppuswamy Naidupuram, PO Palladam, Coimbatore Distt, (Coimbatore-Tamil Nadu)—Auto winder—300 Nos—(NA)

M/s Associated Taxtile Engineers, 43, Dr V.B. Gandhi Marg, Fort, Bombay-400023, (Ahmedabad-Gujarat)—Photo electronically controlled web (both woven and knitted) feeding and guiding equipment for stentering and Drying machine, Edge feelers, type photo electronic and electro-mechanical for woven and knitted webs. Electrically driven unoruler devices for knitted as well as woven webs and pneumatic selvedge spreaders. Expander rollers with swivelling deflecting rollers for stenters, Different types of web guiders for woven and knitted goods ie mechanical electromechanical, photo-electronic, pneumatical etc, Adjusting supports for mounting various types of guiders, manually operated and electrically operted type. Web guiding systems with swivelling rollers for conveyors, screen printing blackets etc. Web guiding systems with Swivelling shift rollers for textiles, webs films and paper etc, and guiding system with revolving frames. Electronic Seam dectectors and level regulators and controllers for jet Dyeing Machines. Metal detectors and Metal locators. Edge Trimming and cutting devices. Tube opening device for slitting knit goods. Water Repellancy Testing and Measuring equipment—Total capacity worth Rs 15 million—(NA)

Mr Mahendra N. Patel, 181, Neelamber, 37, Dr G. Deshmukh Marg, Bombay-400026, (Ahmedabad-Gujarat)—Filtration Equipment, Sedimentation Equipment, Classification Equipment Centrifugation Equipment, Fluidisation Equipment, Rollution Control Equipment and Miscellaneous Equipments,—Total capacity worth Rs 4 crores—(NU)

M/s SLM-Maneklal Industries Ltd, Vaswani Mansions, Dinshaw Vachha Road, Post Box 11066, Marine Lines, Bombay-400020 (Ahmedabad-Gujarat)—Non-Lubricated balan-

ced opposed Piston Compressors—160 Nos within the licensed capacity—(NA)

M/s Antifriction Bearings Corpn Ltd, 408-B, Poonam Chamber, Dr A.B. Road, Worli, Bombay-400018, (Broach-Gujarat,—Cylindrical and Taper Roller Bearings—15,00,000 Nos (Addl.), 30,000,00 (After expn)—(SE)

Mechanical and Engineering Industries

M/s Hindustan Boilers, 21, Ambalal Doshi Marg, Bombay-400023, (Gujarat)—Wedge Wire Screens (Slit Screens)—140 tonnes—(NU)

M/s Hindustan Machine Tools Ltd, 36, Cunningham Road, Bangalore-560052, (Karnataka)—Plastic Extruders and down stream/take off equipment required for the manufacture of plastic film (Blown as well as flat), pipes, sheets, electrical cables, coatings etc—100 Nos—(NA)

Commercial, Office and Household Equipment

M/s Hyderabad Allwyn Metal Works Ltd, Sanatnagar, Hyderabad-500018, (Hyderabad-AP)—Industrial Sewing Machines (including motors)—20,000 Nos—(NA)

Industrial Instruments

M/s Kerala State Indl Dev Corpn Ltd, Keston Road, Kaudiar, Trivandrum-695003, (Kerala)—Vernier Instruments—25000 Nos, Micrometer Instruments—25,000 Nos, Dial Instruments—10,000 Nos, Levels, Bridges and other ancillary equipments—10,000 Nos, electric and Electronic measuring equipments—200 Nos—(NU)

M/s Audco India Ltd, L&T House, Ballard Estate, Bombay-400038, (Chingleput-Tamil Nadu)—Manually operated carbon, alloy and cast iron ball valves with the following accessories:- Locking devices, Extension spindles, Floor Stands, Levers for chain operation; and, Lever pipes—18,000 Nos—(SE)

M/s Hind Filters Pvt Ltd, Plot No. 1A/8A, Industrial Area, Agra-Bombay Road, Dewas-455001 (MP) (Dewas-MP)—Watch Jewels—60,00,000 Nos—(NA)

Chemicals Other than Fertilisers

M/s Weldekor Laminates Pvt Ltd, 95, Abdul Rehman Street, Bombay-400003, (Thana-Maharashtra)—Decorative and Industrial Laminated Sheets—2026 tonnes (Addl)—4000 tonnes (After expn), This includes Decorative Laminates not exceeding 2500 tonnes per annum—(SE)

M/s Godrej Soaps Ltd, Eastern Express Highway, Vikhroli, Bombay-400079, (Bombay-Maharashtra)—Fatty Acids—20,000 tonnes, (after expansion)—(SE)

M/s T.K. Chemicals Ltd, 48-51, Veli Industrial Estate, Kochuveli, Trivandrum-21, (Kerala)—Electrolytic Manganese Dioxide—1,000 tonnes (Addl)—2,000 tonnes (After expn)—(SE)

Mr H.L. Ohri, Organikem (International) Pvt Ltd, 'Mon Repos', Arthur Bunder Road, Colaba, Bombay-400005 (Broach-Gujarat)—H-Acid, Koch Acid, Chicage Acid, Gleave's Acid, K. Acid, Peri Acid, Laurents Acid, C-Acid, R H. Acid—Total capacity 600 tonnes—(NU)

M/s ALA Chemicals Ltd, Mahalaxmi Chambers, Bhulabhai Desai Road, Bombay-400026 (Thana-Maharashtra)—Polyurethane Elastomers—200 tonnes, Polyester for Polyurethane and others—200 tonnes—(NU)

Mr B.D. Gupta, C/o Vaidehi Chemicals Pvt Ltd, 7-A, Clive Row, Calcutta-700001 (Tarapur-Maharashtra)—Malathion Technical—500 tonnes, Formulations—Corresponding to 250 tonnes of Malathion Technical—(NU)

M/s Crystal Polymers and Additives Pvt Ltd, 417/3 R.T. Sanjeeva Reddy Nagar, Hyderabad-500038 (Hyderabad-AP)—Polymeric Plasticizers—100 tonnes, Polyurethane Elastomers—200 tonnes, Polyesters—300 tonnes—(NU)

M/s Nav Bharat Banaspati and Allied Industries, Doraha (Punjab)—Oxygen Gas—0.20 MCM (existing)—0.432 MCM (after expn)—(SE)

Dyestuffs

M/s Amar Dye-Chem Ltd, Rang Udyan, Sitladevi Temple Road, PO Box No 6471, Mahim, Bombay-400016 (Bulsar-Gujarat)—J Acid—150 tonnes, J Acid Urea—50 tonnes, Peri Acid—150 tonnes, Chicago Acid—50 tonnes, Alphanaphthylamine—1500 tonnes—(NU)

M/s Rathi Dye-Chem Pvt Ltd, 27, Shankarshet Road, Poona-411009 (Colaba-Maharashtra)—2:4 Dinitro 6 Bromo Aniline—12 tonnes, 2 Chloro 6 Bromo 4 Nitroaniline—12 tonnes, Para Amino Azo Benzene—12 tonnes, 2:6 Dichloro 4 Nitro Aniline—12 tonnes, 2:6 Di Bromo 4 Nitro Aniline—12 tonnes, Sulpho Tobias Acid—12 tonnes, Metaphenelene Diamine Sulphonic Acid—24 tonnes, 2 Naphthylamine 3:6:8 Trisulphonic Acid (K Acid)—24 tonnes, Sulpho J Acid—6 tonnes, Sulpho Anthranilic Acid—12 tonnes, Para Amino Acetanilide—12 tonnes, 4 Nitro 4 Amino Stilbene 2:2 Disulphonic Acid—12 tonnes, H Acid—60 tonnes, J. Acid—60 tonnes, Meta Ureido Aniline—12 tonnes, 6 Chloro-2 Amino Pheno 1:4 Sulphonic Acid—12 tonnes, Para Amino Acetanilide 3 Sulphonic Acid—12 tonnes. N-Methyl J Acid—12 tonnes, Bromamine Acid—24 tonnes, N. Benzoyl H. Acid—12 tonnes, N. Benzoyl J. Acid—6 tonnes, 4 Nitro 2 Amino Phenol—10 tonnes—(NA)

Drugs and Pharmaceuticals

M/s Unichem Laboratories Ltd, S.V. Road, Jogeshwari (West), Bombay-400060 (Ghaziabad-UP)—Unacredil Injections (Ethacridine Lactate Solution for Intrauterine use)—42,00,000 vials—(NA)

M/s Alembic Chemicals Works Co Ltd, Alembic Road, Baroda-390003 (Baroda-Gujarat)—Contraceptive Tablets—630 lakhs tablets—(NA)

M/s DEYS CHEM Ltd, 20A, Lindsay Street, Calcutta-700016 (Calcutta-West Bengal)—(A) LIQUIDS: Trimethoprim and Sulphamethoxazole—Ped Syrup—112.5 kilolitres, Diazepam Syrup—36 0 kilolitres, Chloramphenicol Palmitate syrup—264.0 kilolitres, Tetracycline Ped Drop-4.5 kilolitres, Tetracycline syrup—36 0 kilolitres, Chloramphenicol and Tetracycline syrup—19.2 kilolitres, Chloramphenicol and Streptomycin syrup—38.4 kilolitres, Erythromycin Granules—27.0 kilolitres. (B) CAPSULES: Tetracycline Caps: (250 mg)—6.0 mill Nos, (120 mg)—1.0 mill Nos, Chloramphenicol and Tetracycline Caps: (250 mg)—2 0 mill Nos, (125 mg)—0.5 mill Nos, Ampicillin Caps (250 mg)—3.6 mill Nos, Doxycycline Caps (100 mg)—2.4 mill Nos, (C) TABLETS: Trimethoprim and Sulphamethoxazole Ped Tabs—1.8 mill Nos, Trimethoprim and Sulphamethoxazole Tabs—6.0 mill Nos, Ethambutol Tabs (200 mg)—1.2 mill Nos, Diazepam Tabs (5 mg)—3.0 mill Nos, Nitrozepam Tabs (5 mg)—1.2 mill Nos, Metronidazole Tabs (200 mg and 400 mg)—0.6 mill Nos for each, Erythromycin Tabs (250 mg)—25.0 mill Nos, Tetracycline Tabs (coated) (500 mg)—6 0 mill Nos, Tetracycline Disp Tab—2 0 mill Nos, Analgin Tab (500 mg)—4.0 mill Nos—(NA)

Food Processing Industries

M/s Kaira District Coop Milk Producers' Union Ltd, Amul Dairy, Anand-388001 (Gujarat) (Kheda-Gujarat)—Baby Foods—14,650 tonnes (after expn) (within the overall combined capacity for baby foods and milk powder i.e. 18,950 tonnes)—(SE)

Superintendent, Govt Milk Scheme, Udaigir (Maharashtra) (Maharashtra)—Whole/skimmed milk powder—2500 tonnes—(NU)

Vegetable Oils and Vanaspathi

M/s Markfed Cottonseed Processing Plant, Giddarbaha-152102 (Pb) (Faridkot-Punjab)—Cottonseed Oil—5,000 tonnes (Addl)—40,000 tonnes (after expn) (in terms of cottonseed)—(SE)

M/s The Haryana State Co-operative Supply and Marketing Federation Ltd, SCO 19, Sector 7-C, Chandigarh (Sirsa-Haryana) – Cottonseed Oil—20,000 tonnes in terms of cottonseed—(NU)

Leather and Leather Goods

M/s United Leather Finishers (Pvt) Ltd, 21, V.V. Koil Street, Periamet, Madras-600003 (North Arcot-Tamil Nadu)—Finished Leather from E.I. Tanned Goat skins—7,90,000 Pcs—(NU)

Glass

M/s Swan Mills Ltd, 'Nirmal', 19th Floor, 241-242, Backbay Reclamation, Nariman Point, Bombay-400001 (Backward Area-UP)—Fibre Glass—2,000 tonnes (Addl)—4,000 tonnes (After expan)—(SE)

Ceramics

M/s Grindwell Norton Ltd, Army and Navy Bldg, 148, Mahatma Gandhi Road, Bombay-400023 (Andhra Pradesh)—Silicon Carbide—3,000 tonnes (Addl)—8,000 tonnes (After expn)—(SE)

Cement and Gypsum Products

M/s Orient Paper Mills Ltd, 9/1, R.N. Mukherjee Rd, Calcutta-700001 (Adilabad-AP)—Portland Cement—9,00,000 tonnes (two kilns of 4.5 lakh tonnes each)—(NU)

M/s U.P. Asbestos Ltd, PO Mohanlalganj, Distt Lucknow (UP) (Dehradun-UP)—Cement—3.60 lakh tonnes—(NU)

Changes in the Names of Owners or Undertakings

(Information pertains to particular licences only)

M/s Andhra Pradesh State Federation of Co-operative Spinning Mills Ltd, Hyderabad to M/s Adilabad Cotton Grower's Co-operative Spinning Mills Ltd, Adilabad.

M/s Vardhaman Spinning and General Mills Ltd, Faridabad to M/s Oswal Steels (Prop Vardhaman Spg and Gen Mills Ltd)

Dr. P.R. Gulati, Faridabad to M/s Insulators and Ceramics (India) Pvt Ltd

M/s Asea Electric India Pvt Ltd to M/s Asea Ltd

M/s Multi Steels (India) Ltd to M/s Poddar Projects Ltd (Steel Division)

Licences Revoked, Cancelled or Surrendered

(Information pertains to particular licences only)

M/s Tata Engineering and Locomotive Co Ltd, Bombay-400023—Diesel Engine operated forklift trucks—(Surrendered)

M/s Emkay Semi-Conductor Corporation, Yamunanagar (Haryana)—Electrolytic Capacitors—(Revoked)

M/s Mahindra and Mahindra Ltd, Bombay-400018—Electronic Desk Calculators—(Revoked)

M/s Atherton Glass Works Ltd, Calcutta—Glass Bottles—(Revoked)

M/s Ogale Glass Works Ltd, Ogalevadi, Distt Satara—Glass Carboys and Pressed Ware of special type such as Glass Bricks and Tiles etc—(Revoked)

M/s Garg Glass Works, Calcutta-14—Glass Tubing and Hollow Glass Blocks—(Revoked)

M/s Tejpauls Ltd, Bombay-400009—Wires—(Cancelled)

M/s Nirmala Oil Industries, Madras-19—Cottonseed Oil—(Revoked)

M/s Vardhman Spg and General Mills Ltd, New Delhi-11—Pulp and Paper—(Revoked)

M/s Sono Electrical Pvt Ltd, Faridabad—Winding Wires—(Surrendered)

M/s Jyoti Ltd, Baroda—Electric Motors—(Cancelled)

M/s Jyoti Ltd, New Delhi—Mechanical Seals—(Revoked)

M/s Tata Engg and Locomotive Co Ltd, Bombay—Welded items of plant and equipment including pressure vessels (Cancelled)

M/s Nagardas Bechards and Bros (Pvt) Ltd, Ahmedabad-380002—Diesel Engines—(Cancelled)

M/s Farm Chemicals Ltd, Bombay—Formulations based on MSMA/DSMA—(Cancelled)

Letters of Intent Lapsed or Cancelled

(Information pertains to particular letters of intent only)

M/s Bharat Commerce and Industries Ltd, New Delhi (J and K)—Sulphite Pulp and Tissue and other light weight papers—(Cancelled)

Mr Dilip S. Patel, Bilimora (Gujarat)—Midget Electrodes—(Lapsed)

Mr S.K. Senjan Chettiar and Sons, Madras-600008 (UP)—Leather Garments and Shoe Uppers—(Lapsed)

M/s Tamil Nadu Indl Dev Corpn Ltd, Madras-600002 (Tamil Nadu)—ABS Resins—(Lapsed)

Mr N.K. Vedi, New Delhi (Haryana)—Storage Batteries—(Lapsed)

M/s Philips India Ltd, Bombay-400018 (Maharashtra)—Amplifiers—(Lapsed)

Mr V. Lakshminarayan Rao, Hyderabad-500029 (Andhra Pradesh)—Cottonseed Oil—(Lapsed)

M/s Bihar State Leather Industries Dev. Corpn Ltd, Patna-800013 (Bihar)—Glue and Gelatine—(Lapsed)

M/s Vithal Veman Muthye, Bombay-400002 (Gujarat)—Safety Razor Blades—(Lapsed)

M/s Ramacast Ltd, New Delhi (Bihar)—S.G. Iron Castings and Malleable Iron Castings—(Lapsed)

M/s Kaushik Bros and Sons, Sirsa-125055 (Haryana)—Oxygen Gas—(Lapsed)

Mr M. Subhas Chandra Bose, Visakhapatnam-530013 (Andhra Pradesh)—Finished Leather—(Lapsed)

Mr M. Sivaram, Executive Director, Aruna Sugars Ltd, Madras-600034 (Tamil Nadu)—Finished Leather—(Lapsed)

Mrs Uma Parthasarathy, Bangalore-11 (Karnataka)—Finished Leather—(Lapsed)

M/s Shiw Prakash Kajaria, Calcutta-700013 (West Bengal)—High Tensile Bolts and Nuts—(Lapsed)

M/s Jain Steels and Alloys Ltd, New Delhi (UP)—Steel Tyre Cord for Tyres and Bead Wires—(Cancelled)

M/s Repmin Oil Prodn Equipment Co India (P) Ltd, New Delhi-1 (Maharashtra)—Oil Well Flow Control Equipment—(Lapsed)

Mr R. Gopal, Madras-600017 (Tamil Nadu)—Hard Rubber Containers and Polypropylene Containers for Storage Batteries—(Lapsed)

M/s Jay Dry Batteries Pvt Ltd, Tiruchirapalli-620018 (Tamil Nadu)—Dry Cells—(Lapsed)

Mr Krishan Kumar Rungta, Calcutta-7 (West Bengal)—Cigarette Tissue and other Tissue Pulp—(Lapsed)

Mr J. N. Kaile, Chandigarh (HP)—Safety Matches—(Cancelled)

M/s Patiala Distillers and Manufacturers Pvt Ltd, Distt Patiala (Punjab) (Rajasthan)—Modified and Refined Guar Gum—(Cancelled)

Working of the scheme for handloom finance

There is a conspicuous imbalance in the impact of the scheme for handloom finance in different states, according to a report of the study group set up by the ministry of Industry a few months ago. Summary recommendations of the report are given below.

THE REASONS for the poor progress of the Scheme for Handloom Finance in many states are mainly relatable to the weak structure of the weavers cooperatives arising from factors such as lack of coordination between Industries department and the Cooperation department, the absence of serious efforts to revive the weak or dormant societies and the lack of sufficient promotional interest taken by the financing banks. The structure of the weavers cooperatives at primary and also apex levels in many states is characterised by dormant and weak societies and is not capable of absorbing the refinance facilities provided by the Reserve Bank under the scheme.

Dormant Societies

Many of the societies still do not conform to the pattern of working recognised by the Reserve Bank. They are not organised on production-cum-sale pattern. As on June 30, 1976 the number of dormant societies in 16 states/union territories was more than a third of the total number of societies and in states like Bihar, Himachal Pradesh, Karnataka, Punjab, Rajasthan, Tripura and Uttar Pradesh, the number of dormant societies was between 45 per cent and 94 per cent of the total number of societies. Further, in states like Himachal Pradesh. Rajasthan and Tripura the membership of dormant societies was more than that of active societies and in states like Karnataka, Orissa, Uttar Pradesh and West Bengal the membership of dormant societies was very large.

Rehabilitation Plan

We, therefore, recommend that the Cooperation and Industries/Handlooms department of the state governments should draw up a time bound programme for the rehabilitation of weavers soeieties and also their reorgonization where necessary so that at the end of the sixth Plan period there will be only viable societies which are capable of absorbing the refinance facilities provided by the Reserve Bank under the Scheme for Handloom Finance. The state governments may avail themselves of the central scheme for share capital assistance for revitalisation/reorganisation of weavers societies with a view to increasing the cooperative coverage of handloom and handloom weavers.

There is a central sector scheme under which assistance is granted to weak central cooperative banks to write off the bad debts of the members of primary agricultural credit societies. A similar scheme may be formulated for weak weavers societies also to enable them to write off their bad assets under certain circumstances and thus become eligible for finance from the banks. Provision may also be made for managerial assistance to these societies.

The staff available for supervision over weavers societies, by and large, is quite inadequate. The norms for supervision over these societies have been laid down by government of India in 1956. These norms provided that for every 10 societies there should be one supervisor and for every three supervisors there should be one inspector to supervise their work.

Close Supervision

We recommend that the state governments should appoint adequate staff for close supervision over the weavers societies. The staff must be attached to the department which is responsible for formulating and implementing the programmes for handloom development. They must work in close coordination with the supervisors/inspectors of the banks financing the weavers societies.

Under the sixth Plan it is envisaged that the cooperative coverage of handlooms must be raised to 60 per cent of the total number of handlooms in the country. The credit support for this programme cannot be achieved unless the coverage is in respect of active looms. We, therefore,, strongly recommend that the state governments should make efforts to bring more number of active looms within the cooperative fold.

Training Courses

Many of the banks in states like Rajasthan, Uttar Pradesh, Bihar, West Bdngal, Punjab, Haryana and Assam have yet to start getting used to providing finance to weavers societies and handling the Scheme for Handloom Finance. We recommend that state cooperative banks and the Cooperative department must pay special attention to familiarising the central banks with the Scheme for Handloom Finance The banks should be in a position to suitably guide, advise and instruct the weavers and the societies about the procedure, disciplines to be observed etc. in the implementation of the scheme. We further suggest that the Reserve Bank/state governments may organise suitably training courses for the officers of the concerned departments of the state governments and cooperative banks on the financing of weavers cooperatives under the scheme.

Some of the central banks are not taking due interest in the financing of weavers societies. This passive attitude of the banks to the problems of the weavers societies is, in our view, unjustified. Handloom industry is a priority sector. The new industrial policy of the

government of India laid before Parliament on December 23, 1977 by the minister of Industry has emphasised the need for assistance to this industry on a priority basis. We, therefore, recommend that the state cooperative banks should in their own interest and in the context of national policy, involve themselves to a substantial extent in the financing of apex weavers societies. They should treat the funds provided by the Reserve Bank as supplementary only. The central cooperative banks may also step up their advances to the eligible weavers societies as they are assured of full refinance from the Reserve Bank

There have been inordinate delays in the settlement of interest subsidy claims of the banks and the rebate claims of the weavers societies by the state government. We, therefore, recommend that the state governments should make adequate budgetary provisions for the annual Plan scheme which must be reasonably sufficient to meet the interest subsidy and rebate claims on the governments and the amounts must be paid within say, three months of the date of the claims. Higher provisions for interest subsidy will have to be provided in the annual state Plans in the coming years in view of the flow of larger volume of of credit.

Inordinate Delays

In some cases there has also been delay on the part of the state governments/central government, in the case of union territories in executing the guarantee deeds for the credit limits sanctioned by the Reserve Bank under section 17[2 (bb)] read with section 17[4) (c] of the Reserve Bank of India Act, 1934 for financing of weavers societies. We, therefore, recommend that the government should execute a single continuing guarantee for a period of three years at a time for the advances proposed to be availed of by the state cooperative banks from the Reserve Bank for the financing of weavers societies as well as for financing of the 22 broad groups of cottage and small scale industries for which also refinance is available from the bank.

Managerial Subsidies

The central cooperative banks can make advances in an increasing measure only to weavers societies which are viable units and having their own paid staff. Societies not having paid secretaries are common in many parts of the country. Unless the societies have their own paid secretaries, it will not be possible for them to expand and manage their business effectively. We suggest that government of India may formulate a scheme for giving financial assistance to the societies for appointment of staff. The state governments may avail themselves of such assistance from central government and in turn assist the societies in the appointment of staff. The state governments may also consider granting the societies some managerial subsidies for the purpose from their own annual Plan provisions.

We recommed further that the societies must advance yarn to the weavers to the extent required for the economic working of the warp against one or two sureties only. They should also make advance payment of wages to the weavers at least to the extent of 22 per cent of the value of the total number of knots of yarn issued to them.

Though the advances made by the banks to the weavers societies for their production and marketing purposes have increased in absolute terms the proportion of such advances to the total advances made by the banks has been more or less static during the last three years. This is not at all a satisfactory position. We recommend that the state and central cooperative banks should give high priority to the financing of weavers societies. They should involve themselves in an increasing measure in the financing of these societies as also in the case of financing of small farmers.

Role of Banks

The reorganisation of existing societies on a viable basis and the organisation and promotion of new viable societies are the responsibility of the concerned departments of the state governments. In these programmes of the state governments the state and central cooperative banks have a vital role to play and governments will have to heavily rely on their assistance. It will, therefore, be necessary for the banks to widen their developmental and promotional role and actively assist the state governments in their developmental programmes.

The Working Group on Industrial Financing through Cooperative Banks had recommanded (1962) the setting up of a separate industrial section by every state cooperative bank and the bigger among the central cooperative banks. This section is to be guided on policy and allied matters by technical groups set up for the purpose. But many banks have not implemented these recommendations on the ground that since their business with the industrial cooperatives is not much, the setting up of an industrial section and technical group may not be a remunerative proposition. We suggest that the banks must take a long term view of the matter as they can expect adequate business with the industrial societies when once the existing societies are reorganised on a viable basis and new viable societies are also set up.

The state and central cooperative banks will have to enlarge their financial and developmental roles in support of the government of India's programmes to raise the cooperative coverage of handlooms to 60 per cent during the next five years. In this context we suggest that every central cooperative bank in whose area of operations there are 5000 or more looms, active and dormant, must create a separate cell in the bank exclusively to attend to the work of developing and financing weavers cooperatives.

Special Cell

This cell must take the initiative in bringing more number of looms within the cooperative fold, in explaining to the societies the formalities to be gone through for availing of loans and assist in the financing of the societies in accordance with the prescribed norms and in promptly attending to the grievances of the societies. This cell must also be responsible for collection of data relating to weavers societies and furnishing the same to the director of

handloom/ industries/ registrar and the Reserve Bank.

We also suggest that in states where there are 30,000 looms or more the state cooperative banks should form a separate cell exclusively for attending to the promotion, development and financing of weavers societies and coordinating the activities of central cooperative banks vis-a-vis weavers societies.

In the case of weavers societies whose members are all poor, the cooperative banks should provide at least the same facilities which they get from the higher financing agencies if not more. Many banks charge high rate of interest on loans made to weavers societies from their own resources. This is not correct. Even if they do not seek refinancing facilities from the Reserve Bank they should charge only the same rate at which they can get refinance from the bank if they so desire and claim subsidy from the government. We suggest that all the banks should follow this procedure and if any bank charges a higher rate of interest from the societies, the concerned department of the state governments should take appropriate action in the matter.

Weavers Societies

The relaxations granted to the weavers societies by the Reserve Bank with a view to aiding in their growth like lower margin for borrowings, share linking to borrowings at 1.40 etc. should not be diluted by the cooperative banks to the detriment of the societies.

The Reserve Bank has fixed a margin of 25 per cent for additional limits to be sanctioned to primary weavers societies as againts 10 per cent in the case of normal limits. The two different rates of margins appear to us not justified. We, therefore, recommend that the Reserve Bank may prescrible a uniform margin of 10 per cent only for the advances made by the banks to the primary weavers societies both under the normal and additional credit limit's.

We recommend that the additional limits sanctioned to the primary weavers societies by the central banks having satisfactory arrangements for supervision over the societies and their stocks must be reimbursed by the Reserve Bank if the banks submit their supplementary credit limit applications and the societies which are financed by the banks are viable/ potentially viable and have appointed full time paid secretaries.

Inadequate Resources

If the owned resources of the central cooperative banks are too inadequate to sustain their investments in weavers finance till the sanction of credit limits by the Reserve Bank, we suggest that the state cooperative banks should assist them by providing necessary interim financial accommodation for the purpose. This will also help the central banks in granting renewal of limits to good working societies which observe the prescribed financial discipline on expiry of the period of limit without waiting for sanction of credit limit by the Reserve Bank.

Under the discipline prerribed by the Reserve Bank for financing the short-term credit structure, the central cooperative bank is not eligible for refinance if its overdues exceed 60 per cent of the demand for the year. Hence in such circumstances the primary agricultural credit societies as well as the weavers societies are debarred from refinance facilities from the Reserve Bank. We feel that there are no convincing and cogent reasons for the Reserve Bank to link the sanction of limits for financing weavers societies with the sanction of limits for financing short term agricultural operations.

Credit Limits

We, therefore, suggest that as long as weavers societies satisfy the norms prescribed by the Reserve Bank and they also follow the prescribed proecedure, the Reserve Bank may consider sanctioning credit limits to the central cooperative banks for financing these societies irrespective of whether or not they have been sanctioned short term credit limits for agricultural operations on account of heavy overdues provided however the financial position and working of the banks is not in such a bad condition that they are incapable of absorbing any credit extended to them by the higher financing agencies. The weavers societies themselves should be viable, at least potentially so and have full time paid secretaries to look after their affairs.

The Reserve Bank has recently in March 1978 reduced the refinancing rate for the financing of weavers societies from 1½ per cent below the Bank Rate to 2½ per cent below the Bank Rate. Besides, individual weavers who are members of PACS/ FSS/LAMPS can get financial accommodation at 9½ per cent for which refinance is provided by the Reserve Bank at three per cent below the bank rate.

It may not be possible for the Reserve Bank to contemplate any further reduction of the refinance rate in the context of overall national policies and considerations. If, however, necessary subsidy could be given by the government, a lower interest rate could be charged to weavers societies and to individual weavers who are members of PACS/FSS/LAMPS also.

We feel that the banks will assume more responsibilities and exercise greater care if the society-wise scrutiny of loan applications is vested in them. We, therefore, recommend that the Reserve Bank may consider sanctioning overall credit limits to the central cooperative banks for financing weavers societies on the basis of the lending programmes and past performance of the banks and leaving the responsibility for fixing credit limits to individual weavers societies to the banks themselves on the basis of certain norms laid down by the Reserve Bank.

Guidelines by RBI

The Bank may lay down the necessary guidelines in this behalf for the guidance of the central cooperative banks and obtain such periodical returns from the banks as may be necessary to monitor the flow of credit. The sanction of overall limits by the bank may, however, be restricted to only those central banks and weavers societies which have adequate supervising arrangements.

We also recommend that the Reserve Bank may consider removing the ceiling fixed for sanction of limit to an apex

weavers society at 3 times its owned funds in view of the ceiling that the limit sanctioned to an apex society should not exceed nine times its disposable owned resources.

Of late the state governments have not been quite earnest in strengthening the share capital of weavers societies. We recommend that the governments give priority consideration to contribution of share capital to weavers societies and revive the scheme in this behalf with appropriate allocation of resources in the sixth Plan period by taking maximum advantage of scheme under central funds which are available.

Due to various financial constraints the state government may not be able to participate in the share capital of the weavers societies in any big way. The governments must, therefore, be assisted by some financing institutions by giving loans for share capital participation in weavers societies.

Role of NCDC

It appears to us that the National Cooperative Development Corporation is the appropriate agency to assist the state governments for contributing to the share capital of primary weavers societies. Since the corporation has not been provided with additional funds on continual and effective basis to take up this responsibility, the corporation is presently extending assistance to only the apex regional weavers societies out of its funds and no assistance is being given to the primary weavers societies. We, therefore, recommend that the corporation may be provided with adequate funds by government of India to enable it to provide financial assistance for participation in the share capital of primary weavers societies.

We further recommend that the apex weavers societies may make larger use of the facilities provided by the National Cooperative Development Corporation. The corporation may also assist the apex weavers societies through the state governments not only in the construction and opening but also in the renovation of show rooms and godowns. It should assist in construction of work sheds. etc. for primary weavers societies.

Periodical Review

The cost of production of handloom cloth is increasing year after year. There must, therefore, be some mechanism for periodical review of the per loom scales of finance fixed by the Reserve Bank. We suggest that the Reserve Bank may undertake a review of the scales of finance for the financing of weavers societies, say once in three years or earlier if necessary.

It was observed that some of the central cooperative banks were not financing the societies according to scales of finance which were eligible for reimbursement from the Reserve Bank. We recommend that the central cooperative banks should finance the primary weavers societies at the per loom scale of finance in respect of the new looms registered with them provided they are satisfied about arrangements for supervision, viability and the need for finance. The Reserve Bank may agree to fully reimburse such advances provided the registering of new looms with the societies are certified by the director of handlooms or any other competent authority of the state government.

It may happen that some of the looms registered with a society may have to be kept idle for some reason or the other. We suggest that the society may be sanctioned limits on per loom scale of finance in respect of these looms also if the society wishes to activise such looms after some time provided the looms are in good working condition. The sanction of the limit should be on the special recommendation of the field staff of the department of handlooms/industries indicating the reasons why the looms had to remain idle and whether they are now in a good working condition and such advances made by the banks may be eligible for reimbursement by the Reserve Bank.

We suggest that when societies submit any concrete and acceptable production programme supported by such supervising arrangements as may be necessary in this behalf, the Reserve Bank may accept the same and their credit requirements must be assessed accordingly. Normally, however, the Reserve Bank may go by the norm of assessment of of anticipatory production at 20 per cent over the production during the previous year.

Assessment Process

We recommend that in the case of new weavers societies and dormant societies to be activised, their credit requirements may be assessed by the banks on per loom scale of finance for the first two years of their working instead of one year as at present and the Reserve Bank may fully reimburse the banks of such advances granted by them to the societies.

According to the existing norms, the credit limits of apex weavers societies are fixed by the Reserve Bank at 25 per cent of their anticipatory sales during the year. This is based on the assumption that it is possible to have four times the turnover of the working capital during the year. It is pointed out by some apex societies that this is possible only under ideal conditions of marketing but that the marketing conditions in the country have not developed to such an extent as to make it possible to have more than three times the turnover of working capital.

We, therefore, recommend that the Reserve Bank may undertake a detailed statewise study of the apex weavers societies with a view to finding out the practicable ratio of working capital to sales turnover and, if found necessary, revise the norms for sanctioning credit limits for the apex weavers societies.

Rebate Claims

We recommend that the state cooperative banks may be permitted by the Reserve Bank to reckon as cover the aggregate rebate claims certified for payment by the Director of Handlooms or the other competent authority of the state government in the past three months instead of two months as at present or the actual outstanding under all such claims preferred from time to time as at the end of the preceding month, whichever is less.

We also recommend that the aggregate of claims presented to the treasuries/government departments in the past three months in respect of credit sales of handloom cloth made to government servants, instead of two months as at present may also be reckoned as cover for the borrowings of apex weavers societies.

We recommend that the

registrar as well as the state cooperative banks must take early action to ensure that every central cooperative bank complies with the instructions of the Reserve Bank and releases the reserve fund deposits of the weavers societies immediately for their use in the business of the societies.

We suggest that the Reserve Bank may as a special case fix the scale of finance at Rs 5000 per loom using polyester fibre so that the banks can start financing the societies without delay. If need be, the position can be reviewed next year on the basis of studies taken up in this behalf.

Dismal Record

The cooperative banks in the north eastern states of Assam, Meghalaya, Arunachal Pradesh, Nagaland, Tripura and Manipur have not taken any interest in the development, promotion and financing of the weavers societies. In fact the scheme for handloom finance has not been implemented in any of these states. We are given to understand that the majority of the societies in these states are either weak or dormant. In Assam out of 1531 weavers societies as on November 30, 1977 as many as 845 were dormant. In Nagaland out of l of 15 societies only three were active. In Tripura out of 72 societies, 43 were dormant. In Manipur out of 382 societies 170 were dormant and in Mizoram out of 9 societies 6 were dormant. The cooperative coverage of handlooms in these states was very low and ranged between 0.2 per cent in Nagaland and 6.5 per cent in Manipur. The state governments must take early action for the reorganisation/rehabilitation of these societies on a viable basis so that the societies become eligible for finance from the banks. The banks must also widen their developmental and promotional roles and help the growth of weavers societies in their region. The implementation of this programme needs special emphasis on a priority basis and urgent action from the government of India as well.

Concerted Efforts

The societies must make earnest efforts to achieve the targets set for them for the production of janata varieties of cloth. The working capital requirements granted by the banks for the purpose are eligible for reimbursement from the Reserve Bank.

The Reserve Bank may take into account the need for export marketing credit of the apex weavers societies while sanctioning credit limits to them. The value of goods exported but not paid for by the buyers for a period up to three months may be allowed to be reckoned as cover for the borrowings of the societies from the banks. The investment of funds in production of special varieties of cloth for export either on own account or through the primary societies should be treated as proper use of the limits sanctioned to the societies. In the case of primary weavers societies which have secured export orders, the Reserve Bank may consider sanction of higher limits on their behalf if after a study of economics of production of the varieties of cloth involved, a higher quantum of loan is found to be necessary to carry out the export orders by the societies.

Purposes like purchase, renovation and modernisation of looms require medium-term loans with high elements of subsidy as the repaying capacity of the handloom weavers is very much limited. We feel that it is the responsibility of the state governments to assist the weavers and the societies for these purposes. We, therefore, recommend that the state governments may make adequate budgetary provisions in their annual state Plans for assisting the weavers/societies in the purchase, renovation and modernisation of looms. The government of India should support the state governments in this programme.

There may arise situations when new societies are registered in the area of good working

societies and hence the banks are reluctant to finance such new societies. Such situations can very well be avoided if the central cooperative bank is associated in the organisation of new societies.

We feel that the presence of some non-officials on the state level committees may in many cases help the committee in their work. We would welcome such a move leaving it to the state governments the manner and extent of association of non-officials with such committees.

There should not be dual control over the handloom sector segregated into co-operative sector and others. The department viz. the directorate of handlooms which is responsible for the formulation and implementation of handloom development programmes must be in charge of handloom cooperatives. They must be responsible for registration of weavers societies and must have a say on planning, the credit requirements as is obtaining in Tamil Nadu. The credit limit applications of the banks may also be forwarded to the Reserve Bank by the same department.

Technical Staff

Many weavers societies are facing accumulation of stocks not because of any slump in the market but because they are producing cloth which can not be sold easily or early. It is for helping the societies in this regard that the government of India had suggested in 1956 the appointment of designers in every deputy registrar's circle. We have noticed that the Tamil Nadu State Handloom Weavers Society has appointed technical staff to assist the primary weavers societies in new production techniques. We suggest that all apex weavers societies may appoint such technical staff in helping the primary weavers societies. For appointing the technical staff the apex societies may be granted financial assistance by the state governments.

We suggest that in area where there is concentration of weavers societies, the concerned central cooprative banks should give representation to these societies even by amending their bylaws. Apex/regional weavers societies should be represented on the board of directors of the state cooperative banks.

Viability Norms

We recommend that the state level committees who know the conditions in their states better may lay down norms for viability of a society. Unless this is done there may arise chances for misutilization of the various facilities provided by the central and state governments. As a general norm we would say that a weavers society should have at least 100 looms working actively throughout the year and have a minimum sales turnover of Rs 3.50 lakhs.

The handlooms in the cooperative sector will have to follow an aggressive marketing policy and compete with the organised sector. For this purpose the weavers cooperatives must adopt new techniques of production so as to ensure that what is being produced is acceptable to the consumers. They should also adopt cost reduction programmes so as to ensure that what is being produced is within the reach of middle class and poor class people since they from the bulk of the consumers of handloom products. In these two matters the government of India in the department of Textiles can offer much assistance to the handloom sector in general and to the weavers cooperatives in particular.

Yarn for Weavers

In a meeting of the subgroup on the Main Working Group on Textiles for Handloom and Powerloom Industries held in Bombay on January 19, 1978, a view was expressed that if some preference is shown by government of India in allotting cotton bales to the cooperative spinning mills, the supply of yarn to weavers cooperatives may inprove since these mills are required to supply yarn to the weavers cooperatives on priority basis. We suggest that government of India may consider the feasibility of the above suggestion.

A study indepth undertaken by the Reserve Bank at the instance of the study group coversing 640 members of 65 weavers societies in 13 districts in the country revealed that the average weaver is not by and large interested in the acquisition of shares of cooperative spinning mills and those who are interested do not have the requisite repaying capacity to enable them to repay the instalments of any medium-term loans that may be granted to them by the Reserve Bank through cooperative channel for acquisition of shares in consumers type of cooperative spinning mills. Such loans can be provided however, on a selective basis to those weavers who have additional income from sources other than weaving and on the basis of a substantial subsidy from government, at least to the extent of $33\frac{1}{3}$ per cent to 50 per cent of the value of shares. The loan amount can be suitably deducted by the societies from the wages payable to the weavers societies for acquiring shares in cooperative spinning mills for handloom weavers/handloom weavers societies provided the state governments are agreeable to grant subsidies to the societies as suggested in the case of handloom weavers.

We recommend that the Reserve Bank may consider opening a line of credit on behalf of cooperative spinning mills for handloom weavers/handloom weavers societies as in the case of cooperative sugar mills for meeting their working capital requirements against pledge/hypothecation, of yarn under Section 17(4)(c) of the Reserve Bank of India Act. The government of India may also consider granting subsidy to the mills so as to bring down their burden of interest on borrowings.

Refinance Facilities

We recommend that the Reserve Bank may provide refinance facilities at concessional rates on behalf of weavers societies for running their units for pre-weaving and post-weaving processing operations if such units satisfy the criteria of small scale industries. If they do not satisfy the criteria of small scale industries, they should be treated on par with consumer type of cooperative spinning mills for refinance.

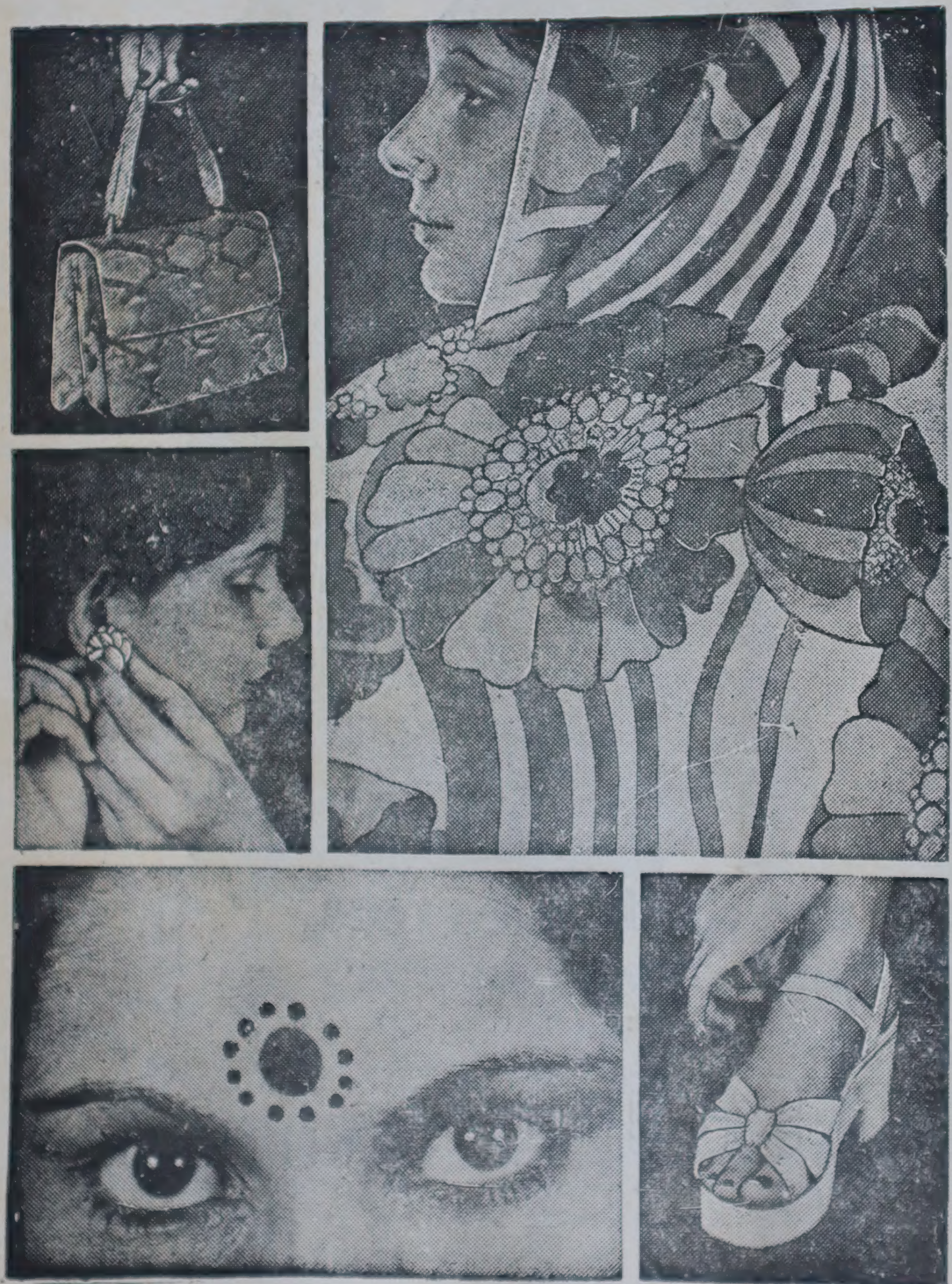
We suggest that the Reserve Bank may allow the central cooperative banks to finance the weavers' societies for granting consumption credit to their members under appropriate ceilings and norms prescribed by the RBI and such advances granted by the banks to the weavers societies may be reckoned as a legitimate charge on the owned funds of the banks.

Printed and published by **R.P. Agarwala** on behalf of the Eastern Economist Ltd., United Commercial Bank Building Parliament Street New Delhi, at the New India Press, K-Block, Connaught Circus, New Delhi.
Editor : V. Balasubramanian
Registered at the GPO, London, as a newspaper

Licensed to post without prepayment U-54 Regd. No. D(C) 257
Registered with the Registrar of Newspapers for India under No. R.N. 535/57

The next time you see a colourful blend of saree, handbag, earrings, bindi and even shoes that match...

think of Atul and the nation's drive to grow more food.



Atul has nothing at all to do with growing food.

But Atul makes the nation's widest range of dyestuffs which help to colour everything around you.

Today, India consumes some 18,000 tonnes of dyestuffs for her various industries like textiles, leather, paints, paper, cosmetics and even food.

If it were not for man-made synthetic dyes, vast tracts of fertile land would have to be engaged for the cultivation of plants like indigo and madder from which vegetable dyes are obtained.

On their part, farmers would opt for cultivation of lucrative cash crops instead of food grains.

At Atul we make a wide range of dyes for every need. Azo dyes, Tulathols, Tulabases, Sulphur Black, Disperse dyes, Mordant dyes, Optical Brighteners and many others.

When you next see something colourful, think of how Atul plays a vital role in your life and how this in turn helps the nation's drive to grow more food.

SILVER JUBILEE YEAR 1952-1977

THE ATUL PRODUCTS LTD.

THE ATUL PRODUCTS LTD.

P.O. ATUL. DIST: VALSAD. PIN: 396 020 (GUJARAT)
Tel: 61, 62, 63, 64. Gram: 'TULA' Atul. Telex: Atul SR-0178-284.

ADROIT-1124

25 years of experience has made us India's giant chemical complex.